



**Raiffeisen**  
**STAVEBNÍ SPOŘITELNA**

# **ANNUAL REPORT**

# 2021

# ANNUAL REPORT 2021

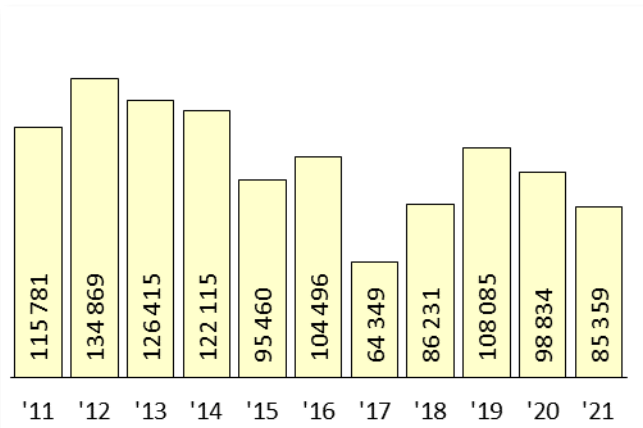
## RAIFFEISEN STAVEBNÍ SPOŘITELNA A.S.

SURVEY OF KEY ECONOMIC INDICATORS .....	2
SHAREHOLDERS.....	4
COMPANY BODIES AND ORGANIZATIONAL STRUCTURE.....	5
BOARD OF DIRECTORS' REPORT ON THE COMPANY'S BUSINESS ACTIVITY AND STATUS OF ASSETS .....	8
RAIFFEISEN STAVEBNÍ SPOŘITELNA SUPERVISORY BOARD 2021 BUSINESS ACTIVITY REPORT .....	13
AUDITOR'S REPORT .....	14
FINANCIAL STATEMENT .....	19
REPORT ON RELATED PARTIES .....	75
INFORMATION ON CAPITAL .....	80

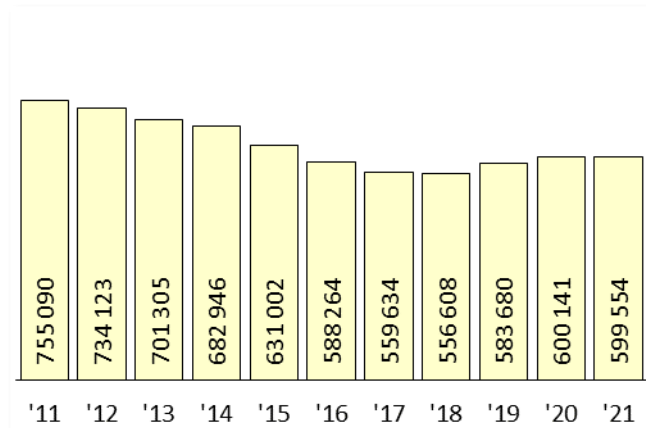
## SURVEY OF KEY ECONOMIC INDICATORS

	Units	2021	2020
Number of new building savings contracts by natural persons	pcs	77,828	92,306
Number of topped-up building savings contracts by natural persons	pcs	7,531	6,528
Number of valid building savings contracts by natural persons	pcs	599,554	600,141
Number of valid loan contracts by natural persons	pcs	83,097	87,986
Volume of new loans by natural persons and legal entities	M CZK	21,131	10,389
Balance sheet total	M CZK	78,990	75,310
Client deposits	M CZK	70,231	69,182
Client loans	M CZK	64,332	57,045
Registered capital	M CZK	650	650
Equity	M CZK	5,422	5,229
Total income	M CZK	3,007	2,970
Total expenses	M CZK	-2,564	-2,753
Profit/loss for the accounting period after taxation	M CZK	443	217
Total capital ratio	%	15.20	17.21
ROAA – Return on average assets	%	0.58	0.30
ROAE – Return on average equity Tier 1	%	9.28	4.70
Assets per employee	M CZK	868	284
Administrative expenses per employee	M CZK	-5.745	-1.777
Net earnings per employee	M CZK	4.868	0.819
Number of employees	Number of individuals	91	265

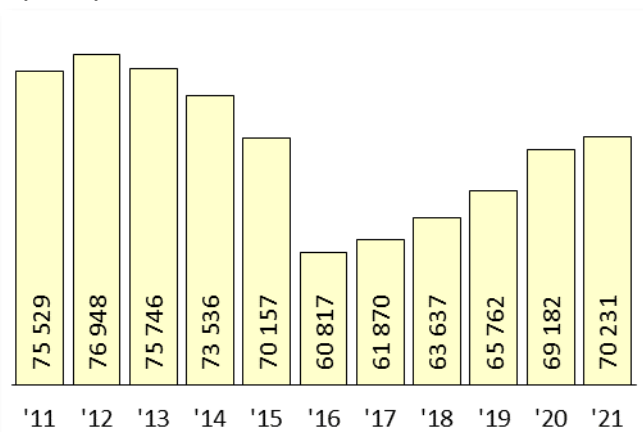
**New building savings contracts by natural persons including topped-up contracts (quantity)**



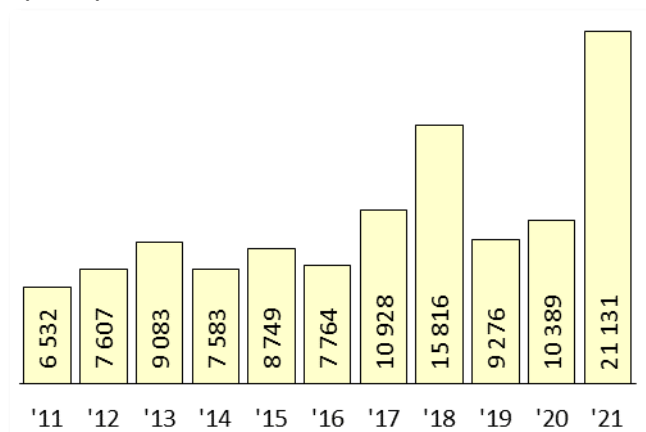
**Valid building savings contracts by natural persons as at EOY (quantity)**



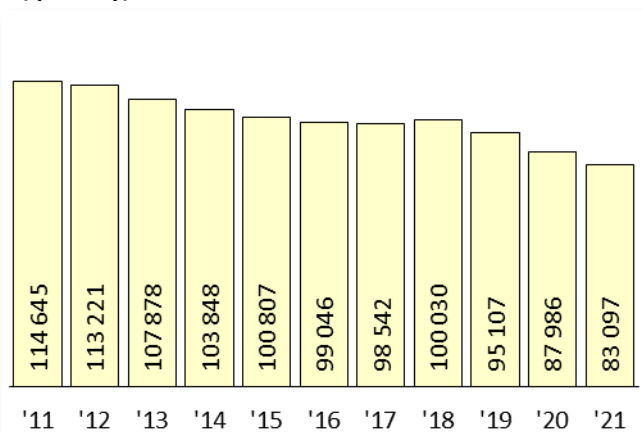
**Deposits by building savings clients as at EOY (MCZK)**



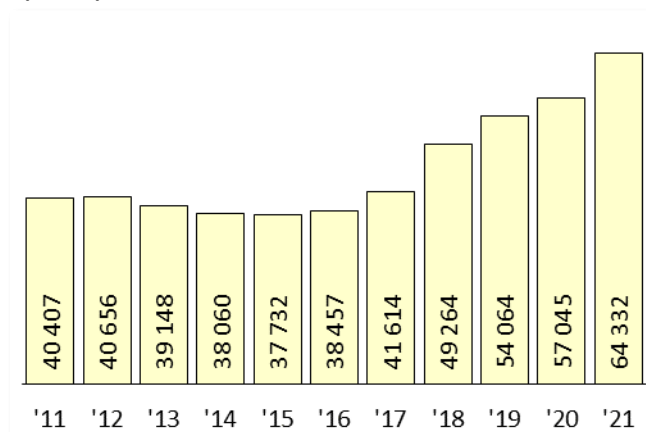
**Volume of new loans by natural persons and legal entities (MCZK)**



**Valid loan contracts by natural persons as at EOY (quantity)**



**Client loans as at EOY (MCZK)**



## SHAREHOLDERS

### Raiffeisenbank a.s.

The sole shareholder of Raiffeisen stavební spořitelna is Raiffeisenbank a.s, which owns 6,500 shares of Raiffeisen stavební spořitelna a.s. and holds a 100% share in the registered capital and voting rights.

Raiffeisenbank has been active on the Czech banking market since 1993 and is one of the largest banks on the domestic market. The Bank primarily focuses on providing services to private and corporate clients. The range of products and services includes personal and business accounts, credit, savings and investment products, specialized financial services and consulting for corporate clients and large corporations.

In addition to its business activities, the Bank is also involved in a number of public benefit activities, including educational, charitable and cultural projects. Social responsibility is an integral part of the Bank's corporate values, culture and strategy and is based on the historical foundations of the Raiffeisen brand as such. Raiffeisenbank is also openly committed to strengthening environmentally friendly and socially responsible business practices in the Czech Republic.

As at the end of 2021, Raiffeisenbank served 1.7 million clients through a network of 106 branches and client centres with 3,000 employees.

The Bank's majority shareholder is the Austrian financial institution Raiffeisen Bank International AG (RBI).



## COMPANY BODIES AND ORGANIZATIONAL STRUCTURE

### General Meeting

The General Meeting is the supreme body of Raiffeisen stavební spořitelna. Raiffeisenbank a.s. is the sole shareholder of Raiffeisen stavební spořitelna. In 2021, the General Meeting issued 6 decisions dated: 20 April, 18 May, 22 June, 16 November, 23 November and 21 December, 2021.

### Supervisory Board

<b>PhDr. Vladimír Kreidl, MSc. – Chairman</b>	
In office	Chairman since 22 June, 2020 (Member since 17 June, 2020)
Company	Raiffeisenbank a.s., Prague
<b>Ing. Igor Vida – Member</b>	
In office	Member since 21 December, 2021 (Member from 15 December, 2016 until 15 December, 2021; Deputy Chairman from 22 June, 2020 until 15 December, 2021)
Company	Raiffeisenbank a.s., Prague
<b>Mag. Dr. Martin Stotter – Member</b>	
In office	Member since 1 October, 2020
Company	Raiffeisenbank a.s., Prague
<b>Mag. Hans-Christian Vallant – Member</b>	
In office	Member since 30 June, 2014 (Chairman until 21 June, 2020)
Company	Raiffeisen Bausparkassen Holding GmbH, Vienna

### Audit Committee

<b>Mag. Dr. Martin Stotter – Deputy Chairman</b>	
In office	Deputy Chairman since 25 November, 2020 (Member since 1 October, 2020)
<b>Ing. Martin Smekal – Member</b>	
In office	Member since 1 December, 2021
<b>Ing. Stanislav Staněk – Member (Chairman since 19 January, 2022)</b>	
In office	Member since 1 December, 2021 (Chairman since 19 January, 2022)
<b>Ing. Josef Malíř</b>	
In office	Chairman from 14 June, 2018 until 1 December, 2021 (Member from 1 May, 2018 until 1 December, 2021)
<b>Ing. Jana Musilová</b>	
In office	Member from 1 May, 2018 until 1 December, 2021

## Board of Directors



**Ing. Pavel Čejka, MBA**

**Chairman of the Board of Directors**

In office since 7 July, 2020  
Member of the Board of Directors since 1  
July, 2020



**Ing. Yvona Tošnerová**

**Deputy Chairwoman of the Board of  
Directors**

Member of the Board of Directors and  
in office since 1 July, 2021



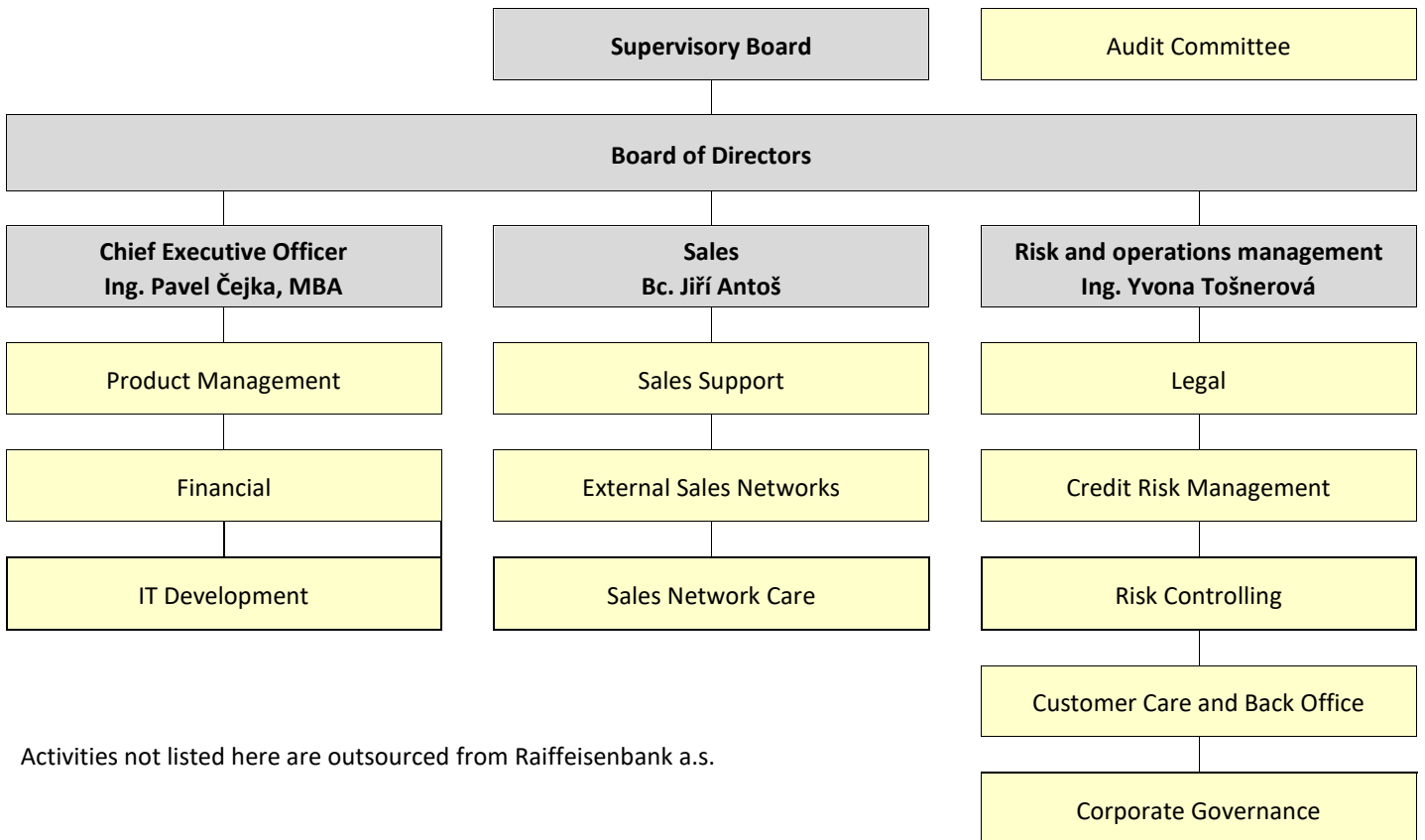
**Bc. Jiří Antoš**

**Deputy Chairman of the Board of  
Directors**

Member of the Board of Directors and  
in office since 1 June, 2021

**Ing. Jan Jeníček** – Deputy Chairman of the Board of Directors from 7 July, 2020 until 31 May, 2021  
(Member from 24 June, 2020 until 31 May, 2021)

**Ing. Jiří Klumpar** – Deputy Chairman of the Board of Directors from 7 July, 2020 until 24 June, 2021  
(Member from 24 June, 2020 until 24 June, 2021)

**Organizational structure of the Company valid as at 31 December, 2021**

<b>Advisory Bodies to the Board of Directors</b>
Outsourcing Management Committee
<b>Executive Bodies of the Board of Directors</b>
Assets and Liabilities Committee
Credit Risk Management Committee
Operational Risk Management Committee
Change Management Committee
Security Committee
Marketing and PR Committee
Sales Committee
IT Management Committee



## BOARD OF DIRECTORS' REPORT ON THE COMPANY'S BUSINESS ACTIVITY AND STATUS OF ASSETS

### Sales

2021 was an extraordinary and ground-breaking year for our clients, sales representatives and employees. Once again, we had the opportunity to use our experience from the first wave of the pandemic and manage further lockdowns, and we were also able to integrate a substantial part of our internal processes into our parent, Raiffeisenbank, to maximize synergies. We are very pleased that yet again, despite difficult and challenging times, our sales representatives proved they are able to cope with new and challenging situations and act as a source of support to our clients.

We continued to grow and achieve record sales results, especially in the loan business, despite a highly competitive environment. We are successfully developing partnerships with brokerage companies, especially in the distribution of mortgage loans, loans for reconstruction, acquisition of cooperative housing and, of course, building savings products. We intensified collaboration in product cross-selling between Raiffeisen stavební spořitelna and Raiffeisenbank – clients can open a current account with or take a consumer loan from Raiffeisenbank at Raiffeisen stavební spořitelna's branches, as well as open a building savings account or apply for a home renovation loan with Raiffeisen stavební spořitelna at Raiffeisenbank's branches or through its direct digital channels.

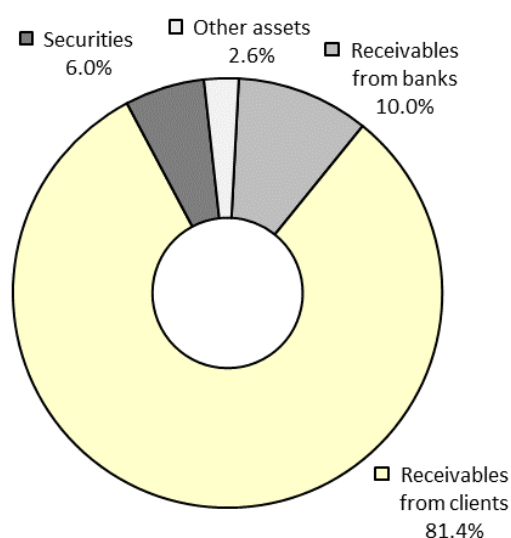
In terms of business performance, the volume of loans provided grew significantly, with the volume of new loans more than doubling to almost CZK 21 billion, making us one of the fastest growing building savings banks on the market.

Raiffeisen stavební spořitelna concluded more than 85,000 building savings contracts including top-ups, with significant growth in sales in the last quarter of the year. Despite the relatively dramatic changes in this traditional product, we believe that building savings will continue to thrive and remain the most popular savings product on the market. We have almost 600,000 building savings contracts in our portfolio.

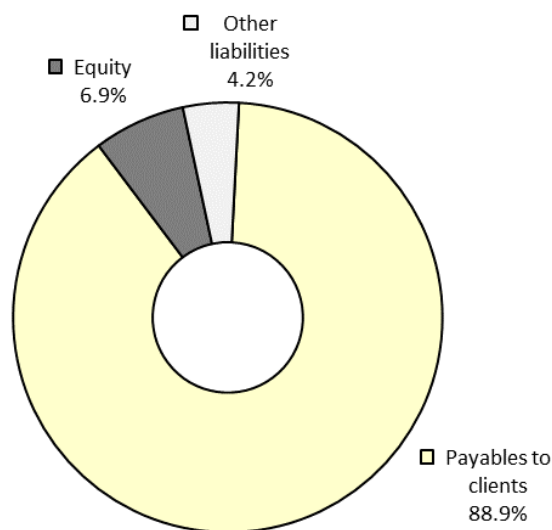
Using additional services in insurance, retirement savings, non-purpose consumer loans or current accounts remains very popular with our clients. We offer loan repayment, life and property insurance products in collaboration with Uniqa and Generali. We have continued to sell our parent company's products very successfully. In addition to traditional current accounts, we also began offering unsecured consumer loans.

Raiffeisen stavební spořitelna's professional team of in-house financial advisors, who provide high-quality advisory services at over 180 advisory centres throughout the Czech Republic, continues to be our most important distribution channel for all types of products in our portfolio. Other channels, such as Raiffeisenbank's direct channels and branches, also play important roles in our distribution mix.

Structure of assets in 2021



Structure of liabilities in 2021



### Commentary on financial results

Although 2021 was a record year for Raiffeisen stavební spořitelna in terms of business performance, it was undeniably affected by the ongoing COVID-19 pandemic. Raiffeisen stavební spořitelna's profit was CZK 443.5 million, which is a 104% year-on-year increase.

Total assets equalled CZK 79.0 billion, which equals year-on-year growth of 4.9%. Total client deposits grew year-on-year by 1.5% to CZK 70.2 billion. In a year-on-year comparison, deposit growth was not so significant. This was due to a pronounced rise in short-term interest rates, to which some banks responded by offering savings accounts with favourable interest rates, which attracted mainly sight deposits.

Raiffeisen stavební spořitelna provided client loans in a total volume of CZK 21.1 billion in 2021, which equals year-on-year growth of almost 103%. This is the highest ever annual volume of loans provided by Raiffeisen stavební spořitelna. The total balance of loans provided was CZK 64.3 billion, which equals year-on-year growth of 12.8%. The total volume of receivables from clients comprised 91.6% of client deposits, which is a year-on-year change of 11 percentage points.

The volume of securities held was CZK 4.7 billion, which is a year-on-year decrease of CZK 3.5 billion (–42.5%). The large decline in the volume of securities held is due to the natural redemption of the portfolio. The securities were not reinvested but used as a source for lending to clients. Free liquidity is reinvested in the Czech National Bank under the 14-day repo facility. Until mid-2021, the Czech National Bank continued to support the economy affected by the COVID-19 pandemic with extremely low interest rates (0.25% 2-week repo rate) despite increasingly evident inflation and, in particular, property market conditions, with property prices rising beyond all expectations. This resulted in an increase in the average amount of loans financed while the average yield on the loan portfolio continued to decline. The net interest income in 2021 was CZK 940 million, almost the same as in the previous year. Despite a record year in terms of the number of loans provided, interest income on loans fell by 0.6%.

We view the development of client deposit expenses positively. Although the balance of payables to clients increased by CZK 1 billion, interest expenses fell by 0.6% to CZK 837.6 million. In 2021, Raiffeisen stavební spořitelna increased its capital by means of a subordinated loan worth CZK 300 million provided by its parent company, Raiffeisenbank a.s. Total subordinated debt at the end of the year amounted to CZK 600 million. Interest expenses related to servicing subordinated debt equalled CZK 15.5 million in 2021.

Raiffeisen stavební spořitelna received a dividend of CZK 5 million from KONEVOVA s.r.o., in which it has a 100% interest and which is an auxiliary banking services company.

Net profit from fees and commissions equalled CZK 204.1 million, which is a year-on-year decrease of 13.9%. Fee income was higher by 3.3% year-on-year at CZK 11 million. The overall fee income was negatively impacted by commission expenses, which were almost 33% higher than in the previous year due to the Company's extraordinarily successful business performance. Administrative expenses increased by 11% year on year to CZK 522.8 million. The increase in expenses was due to the one-off effect of the restructuring of Raiffeisen stavební spořitelna and deeper integration with the parent company, Raiffeisenbank a.s. The purpose of this restructuring project is, on the contrary, to save administrative expenses in the coming years. The balance of receivables from clients increased by almost CZK 7.3 billion year on year. Disproportionately, total risk costs fell as a result of release of loss allowances created for the anticipated risks arising from the COVID-19 pandemic. The Company's overall liquidity is very good. Raiffeisen stavební spořitelna holds CZK 13.2 billion in highly liquid assets. At the end of the year, Raiffeisen stavební spořitelna received a three-year interbank loan from its parent company in the amount of CZK 2 billion to optimize its balance sheet for interest rate risk management.

The participation interest with controlling influence in KONEVOVA s.r.o. was increased by 44% year-on-year to CZK 369.7 million. The total stake in the company is still 100%. The reason for the increase in the value of the ownership interest was the capitalization of a receivable related to the lease of office space in Koněvova street which was terminated by Raiffeisen stavební spořitelna at the end of 2021. The Raiffeisen stavební spořitelna headquarters were moved to the City Tower building in Hvězdova street in Prague 4.

### **Information about acquisition of own shares or stock**

Raiffeisen stavební spořitelna did not acquire any of its own shares or stock in the 2021 accounting period.

### **Awards, achievements, interesting news**

Raiffeisen stavební spořitelna's marketing activities in 2021 were affected by the coronavirus pandemic and the resulting restrictions. Nevertheless, Raiffeisen stavební spořitelna officials managed to organize a TOP Star gala evening at the Ambassador Hotel in Prague, where brokerage companies and their sales representatives were recognized for selling Raiffeisen stavební spořitelna products. This event can be classified as one of the major events of the year.

In 2021, Raiffeisen stavební spořitelna also did well in the Golden Crown competition, in which it was awarded third place in the Building Savings category by a jury of experts.

Raiffeisen stavební spořitelna's client communication focused primarily on online interactions and further development of social media, following the latest trends and using several new formats in content creation.

A significant achievement in the second half of the year was the launch of a new communication concept, "Of Course", which was reflected in all Raiffeisen stavební spořitelna's communication channels.

Raiffeisen stavební spořitelna's clients began reaping the benefits of association with Raiffeisenbank in 2021, mostly in relation to the product portfolio and services. An example is a package comprising a building savings contract and a current account with a favourable interest rate and a financial bonus, which was unprecedented on the market. Raiffeisen stavební spořitelna was the first to introduce this type of benefit on the market.

## Services and products in 2021

### Services

2021 was full of changes for Raiffeisen stavební spořitelna. Service provision was also integrated with Raiffeisenbank a.s. The key goals of the integration were to enable faster and more efficient processing of client requests, a broader range of products and sophisticated care for joint clients.

We continued to automate and digitalize processing in 2021. We are striving to offer our clients state-of-the-art ways of purchasing and managing products, and we are establishing ourselves as a paperless building society. We prefer to conclude savings and loan contracts with biometric or SMS signatures. The documents are then stored on a fixed data carrier, e.g. an internet banking server. This saves processing time and natural resources, as well as storage space in clients' homes.

2021 was demanding; for most of the year, employees processed clients' and financial advisors' requests remotely from their home offices. Yet we were able to maintain the quality and speed of service provision.

### Products

2021 was a very interesting year from a product perspective. At the beginning of the year, the forecast was that the repo rate would not surpass 1.00% p.a.; nonetheless, it eventually reached 3.75% p.a. at the end of the year.

The gradual rise in interest rates, which began in the second half of the year, supported growth in mortgage financing. The sharp rise in interest rates, which started in the last quarter of the year, also drove up interest rates on deposits, both on savings and in particular on building savings accounts.

The building savings market remained below expectations last year, but there was a fundamental change. For the first time in the history of building societies, the fee for concluding a building savings contract was cancelled directly in the tariff. As a result, clients were able to conclude contracts free of charge for almost the entire second half of the year at all building societies, including our own. In addition, we opened a new sales channel in mid-2021, namely Raiffeisenbank internet and mobile banking. Since 15 November, 2021, clients have been able to conclude savings accounts with an interest rate of 1.5% per annum through this banking site and our other channels.

The housing finance sector saw record lending volumes and we helped clients finance more than CZK 20 billion worth of new or refurbished homes. Despite the gradual increase in rates in the second half of the year, client interest did not diminish; on the contrary, sales grew even stronger. This was also due to the simplified process of commissioning expert appraisals, where we handle everything for the client.

We made two modifications to update our products. First, we launched a bridging loan with annuity payments, which is easier for clients to understand, and at the end of the year, we launched a faster approval process, which enables clients to sign the loan agreement at the first meeting.

We added a new and improved option for purchasing cooperative housing without the need for collateral, which complements the above products.

In corporate products, we intensified our collaboration on a project to finance newly established cooperatives and their gradual expansion. This helps us address the housing issues of cooperatives' new members. Similarly, our products are available for privatization of housing stock or modernization of apartment buildings, whether they are owned by associations of housing unit owners, housing cooperatives or municipalities.

## General information about risk management

Raiffeisen stavební spořitelna manages all risks associated with its business activities in compliance with valid legal standards and regulations stipulated by relevant regulatory institutions, particularly the Czech National Bank. It monitors and manages risks inherent to its area of business, particularly credit, interest rate, liquidity and operational risks.

Since 1 December, 2020, Raiffeisenbank a.s. has been the 100% owner of Raiffeisen stavební spořitelna and risk management has been outsourced from Raiffeisenbank.

The key risk management task is the identification of assumed risks and subsequent development and implementation of risk management strategies for specific assumed risks. The specific strategies define measurement and management methods for given risk areas, determine procedures including control mechanisms, and set limits leading to minimization of assumed risks.

Aside from the Risk Controlling Unit, the Board of Directors, Credit Risk Management Committee and Assets and Liabilities Committee are involved in the risk management system. They get an overview of risk exposure through regular monthly reports on risk status and development and have the opportunity to conduct appropriate supervision and give feedback. Other parts of the system include the Operational Risk Management Committee, Change Management Committee and Security Committee. The risk management system continues to develop in alignment with product and process changes, new activities and all requirements to refine risk management.

In 2021, Raiffeisen stavební spořitelna used the standardized approach to calculate capital adequacy for credit risks and the basic indicator method to calculate capital needs for operational risks. Raiffeisen stavební spořitelna regularly conducts an Internal Capital Adequacy Assessment Process (ICAAP) including reporting within the financial group and for the Czech National Bank. Raiffeisen stavební spořitelna publishes information about the fulfilment of prudential rules (Pillar 3) on an individual basis in abbreviated form.

### **Staff policy**

Our staff policy is fully aligned with the goals and objectives outlined in the Raiffeisen stavební spořitelna business strategy. The key points include a pleasant and dynamic work environment and relationships based on friendship, trust, cooperation and respect for others. Through these ties, knowledge and innovation are spread throughout the Company. The atmosphere in the Company is very open, and both formal and informal tools are in place to provide feedback and dialogue.

Similarly to other areas, personnel management in 2021 was dedicated to the RUR project – the integration of Raiffeisen stavební spořitelna's processes into Raiffeisenbank, searching for synergies and optimal functioning. During the year, two thirds of the Company's employees transferred to Raiffeisenbank. We moved to new premises that are more conducive to team and inter-team collaboration. Despite the adverse epidemiological situation during the year, we managed to organize several joint events where we had the opportunity to spend some non-working time together – with unit teambuilding, management teambuilding and company-wide meetings.

Raiffeisen stavební spořitelna's compensation system corresponds to and supports healthy, effective risk management and does not underestimate the overstepping of tolerated risk limits. We use the approach employed throughout the Raiffeisen Group to determine categories of employees with a significant impact on the risk profile.

Employee care includes systematic employee development and training, benefits and programs. We introduced a new interactive application, Alfred, which is used for training, development planning, employee performance evaluation and feedback.

We value our employees and try to support them in their life situations. We offer them a number of supporting programs and contributions.

### **Corporate social responsibility**

Raiffeisen stavební spořitelna continued to support projects, activities and organizations affected by the coronavirus crisis that needed financial support to continue or maintain their operations in 2021. Financial support was provided to charitable organizations with which Raiffeisen stavební spořitelna has been partnering for a long time – for example, the AKORD Day Care Centre or the Homolka Hospital Endowment Fund.

Our employees also participated in the selection of charitable projects and Raiffeisen stavební spořitelna supported a total of 11 charities.

In 2021, Raiffeisen stavební spořitelna employees also participated in the Teribear event, during which they walked, ran or cycled almost 3,000 kilometres, thus contributing almost CZK 59,000. The Company's employees also raised almost CZK 39,000 for the AKORD Day Care Centre.

The Bank also lent laptops to employees' children to support them in remote schooling in the first half of 2021.

### **Research and development costs**

Raiffeisen stavební spořitelna did not have any research and development costs in the 2021 accounting period.

### **Branches abroad**

Raiffeisen stavební spořitelna does not have any branches or other business units abroad.

## Environmental protection

Thanks to its association with Raiffeisenbank, Raiffeisen stavební spořitelna is continuing its recent trend of trying to minimize the environmental impact of the headquarters building and also accelerating the adoption of other positive measures.

These measures include in particular the relocation of our headquarters to a modern building with a significantly higher energy rating (in contrast to our old building's D energy rating, our headquarters building now prides itself on an A rating), which reduces negative environmental impacts. The purpose is to reduce the energy consumption of the building's operation, to improve public transport accessibility (the building is in close proximity to a metro station, city bus and tram stops), and to support employees commuting by bicycle.

We maintain measures for the collection, sorting and recycling of secondary raw materials (plastics, paper) and electrical waste, and we are also adding separation of glass.

Overall, we are significantly reducing our CO<sub>2</sub> footprint and environmental burden, thus meeting the Paris Agreement's climate neutrality commitments.

Prague, 21 March, 2022

Raiffeisen stavební spořitelna a.s. Board of Directors:



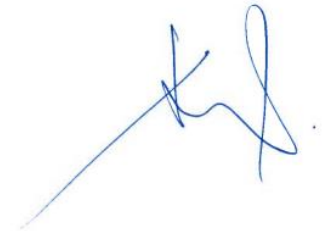
**Ing. Pavel Čejka, MBA**

Chairman of the Board of Directors



**Ing. Yvona Tošnerová**

Deputy Chairwoman of the Board of  
Directors



**Bc. Jiří Antoš**

Deputy Chairman of the Board of  
Directors

## RAIFFEISEN STAVEBNÍ SPOŘITELNA SUPERVISORY BOARD 2021 BUSINESS ACTIVITY REPORT

In the course of 2021, Raiffeisen stavební spořitelna a.s. (the Company) Supervisory Board managed tasks which it is authorized to perform in accordance with valid legal regulations and the Company's Articles of Association.

There were three Supervisory Board meetings in 2021. The meetings took place on 24 March, 23 June and 10 December, 2021. In regard to measures in connection with the SARS-CoV-2 coronavirus pandemic, they were also held remotely using technological tools. When needed, the Supervisory Board also took decisions outside these meetings on issues where legal or internal regulations or the Articles of Association require a statement by the Supervisory Board, most often per rollam. The Supervisory Board meetings were attended by the members of the Company Board of Directors, other invited Company employees and employees of the sole shareholder in the cases of reports concerning outsourced areas.

There were no significant changes to the composition of the four-member Supervisory Board in 2021. In December 2021, the term of office expired for the Deputy Chairman of the Supervisory Board, Mr. Igor Vida. Mr. Vida was subsequently re-elected as a member of the Supervisory Board by the sole shareholder acting in the capacity of the General Meeting.

Throughout 2021, the Supervisory Board supervised the business and economic results, developments in risk management, internal audit, and meeting compliance and anti-money laundering requirements. The Company Board of Directors regularly informed the Supervisory Board about the RUR project, long-term plans and other significant events in the Company. The Supervisory Board did not find any inadequacies in any of these areas.

The Supervisory Board reviewed the functionality and efficiency of the Company system of management and control and stated that the management and control system was functional.

The Supervisory Board regularly evaluated the expertise and experience of each Director, as well as the Board of Directors as the Company's executive body, in relation to the performance of their tasks. The Supervisory Board did not find any inadequacies in these areas either. In 2021, the Supervisory Board, acting in line with the Company's Articles of Association, considered a proposal to elect two new members to the Board of Directors and recommended to the sole shareholder acting in the capacity of the General Meeting that it elect them. In May, the Supervisory Board recommended election of Mr. Jiří Antoš and in June the election of Ms. Yvona Tošnerová. The Supervisory Board also considered a proposal to elect two candidates as members of the Audit Committee, Mr. Stanislav Staněk and Mr. Martin Smekal, and recommended to the sole shareholder acting in the capacity of the General Meeting that it elect them. The Supervisory Board also monitored the application of and adherence to the principles underlying the compensation of Company staff over the entire year.

On 19 April 2022, the Supervisory Board reviewed *per rollam* the Board of Directors' 2021 Annual Report and the report on related parties, the financial statement as at 31 December, 2021, including the respective draft statement by Deloitte Audit, s.r.o., and discussed the profit distribution proposal.

The Supervisory Board did not have any objections to the submitted Board of Directors' 2021 Annual Report, report on related parties, financial statement or profit distribution proposal and recommended to the sole shareholder acting in the capacity of the General Meeting that it approve these documents.

Prague, 19 April 2022



PhDr. Vladimír Kreidl, MSc.  
Chairman of the Supervisory Board



## AUDITOR'S REPORT



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Tax ID. No.: CZ49620592

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of  
Raiffeisen stavební spořitelna a.s.

Having its registered office at: Hvězdova 1716/2b, Nusle, 140 00 Praha 4

## Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Raiffeisen stavební spořitelna a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2021, and the profit and loss account, statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Raiffeisen stavební spořitelna a.s. as at 31 December 2021, and of its financial performance for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Related audit procedures
<b>Allowances for losses from loans and advances to customers</b>	
(Note 1.4.7 to the Financial Statements)	
At 31 December 2021, gross loans and advances to customers (hereinafter "loans") amounted to CZK 65 296 million, against which allowances for expected credit losses (hereinafter "allowances") of CZK 964 million were recorded.	Based on our risk assessment and industry knowledge, we assessed the amount of allowances and methodology applied and the assumptions used in the calculation of allowances. Together with our specialists, we performed re- calculation of the allowances.  We tested the design and operating effectiveness of selected key internal controls the management

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Key audit matter	Related audit procedures
<p>The allowances are determined using statistical models for performing loans (Stage 1 and 2) and non-performing exposures (Stage 3).</p>	<p>of the Bank has established for the impairment assessment and allowance recognition.</p>
<p>The measurement of allowances for loans is deemed a key audit matter due to the level of judgement applied by the Management especially with regard to identifying impaired receivables and quantifying loan impairment.</p>	<p>With the assistance of our IT specialists, we tested IT controls relating to access rights and change management of relevant IT applications.</p>
<p>The level of uncertainty and the level of subjectivity of management judgments relating to 2021 financial reporting increased significantly due to the COVID-19 pandemic.</p>	<p>Assumptions used in the expected credit loss models</p>
<p>The most significant judgements applied in determining allowances relate to:</p>	<p>In cooperation with our specialists, we assessed the model methodology and internal validation reports. We assessed whether the modelling assumptions considered all relevant risks, were relevant in the light of historical experience and future outlook, economic climate and the circumstances of customers. We assessed appropriateness of risk parameters used when calculating allowances.</p>
<ul style="list-style-type: none"> <li>• Assumptions used in the expected credit loss (ECL) statistical models such as probability of default, recovery rates and macroeconomic factors reflected in forward looking information,</li> <li>• Timely identification of exposures with a significant increase in credit risk (Stage 2) and non-performing exposures (Stage 3) in the context of COVID-19 pandemic and macroeconomic development,</li> <li>• Valuation of collateral used in allowances calculations.</li> </ul>	<p>In light of the high volatility in economic scenarios caused by the COVID-19 pandemic and government responses, we assessed whether the macroeconomic and other parameters used in the ECL statistical models fairly reflect the expected degree of defaults and recoverability of loans in the future.</p>
<p>Management provided further information about loan impairment in Note 1.4.2.1.13 and Note 1.4.43.2 to the Financial Statements.</p>	<p>Identification of exposures with a significant increase in credit risk and non-performing loans</p>
<p>Management provided further information about COVID-19 impacts on loan portfolio and impairment in Note 1.4.7.3 and Note 1.4.43.2 to the Financial Statements.</p>	<p>We tested system-based and manual controls of the timely classification of loans to the relevant stage. In cooperation with our specialists, we evaluated assumptions used in staging models and performed calculations of staging.</p>
<p><b>Interest and fee income recognition</b></p>	<p>We performed comparison of allowance levels to industry benchmarks.</p>
<p>(Note 1.4.32 a 1.4.33 to the Financial Statements)</p>	<p>Based on our risk assessment and industry knowledge, we evaluated the methodology applied in revenue recognition and the assumptions used by management.</p>
<p>For the year ended 31 December 2021 the gross interest income amounted to CZK 940 million. Total net fee and commission income for the same period amounted to CZK 204 million. These items are the main contributors to the operating income of the Company affecting their profitability, with their main source being building savings loans and bridge loans.</p>	<p>We tested the design and operating effectiveness of the key internal controls and focused on:</p>
<p>While interest income is recognised on an accrual's basis over the expected life of a financial instrument, the recognition of fee income depends on the nature of the fees as follows:</p>	<ul style="list-style-type: none"> <li>• Input of interest/fees on customer loans and deposits, including authorisation of changes in the interest and fee tables.</li> <li>• Recognition of fees and interest income and management oversight; and</li> <li>• IT controls relating to access rights and change management of relevant IT applications with the assistance of our IT specialists.</li> </ul>
<ul style="list-style-type: none"> <li>• Fees that are directly attributable to origination of financial instruments are recognised over the anticipated lifetime of the instrument and reported as interest income.</li> </ul>	<p>We also performed the following procedures with regard to interest and fee income recognition:</p>



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Key audit matter	Related audit procedures
<ul style="list-style-type: none"> <li>• Fees for the services rendered are recognised over time when services are rendered and reported as fee and commission income.</li> <li>• Fees for transaction acts are recognised when the act is performed and reported as fee and commission income.</li> </ul>	<ul style="list-style-type: none"> <li>• We evaluated the accounting policy applied by the entity to determine whether the methodology complies with the requirements of the relevant accounting standard.</li> <li>• We considered appropriateness of the period for recognition of fee and commission income and expense.</li> </ul>
<p>The specifics of revenue recognition and a large volume of individually small transactions, which depends on the quality of input data relating to interest and fees and on IT solutions for their recognition, resulted in this matter being identified as a key audit matter.</p>	<p>We focused our testing on verification of the correct classification of:</p>
<p>Management provided further information about interest and fee income in Note 1.4.2.1.5 to the Financial Statements.</p>	<ul style="list-style-type: none"> <li>• Fees that are identified as directly attributable to a financial instrument; and</li> <li>• Fees that are not identified as directly attributable to a financial instrument.</li> </ul>
	<p>We evaluated the mathematical formulae used for amortisation of relevant income over the expected life of the financial instrument.</p>
	<p>We analysed the accuracy of the recognised amount of interest income and fee and commission income using substantive analytical tests and data analytics.</p>

#### Other Matter

The financial statements of Raiffeisen stavební spořitelna a.s. for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 24 March 2021.

#### Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

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### Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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### **Report on Report on Relations among Related Entities (the "Report on Relations")**

We have reviewed the factual accuracy of the information included in the accompanying related party transactions report of Raiffeisen stavební spořitelna a.s. for the year ended 31 December 2021 which is included in this annual report on pages 75 to 79. This related party transactions report is the responsibility of the Company's Statutory Body. Our responsibility is to express our view on the related party transactions report based on our review.

We conducted our review in accordance with Auditing Standard 56 issued by the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Raiffeisen stavební spořitelna a.s. for the year ended 31 December 2021 contains material factual misstatements.

The Company has decided not to disclose amounts under related party contracts citing business secrecy restrictions.

### **Report on Other Legal and Regulatory Requirements**

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

#### Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of the Company for year 2021 by the General Meeting of Shareholders on 17 June 2020 and our uninterrupted engagement has lasted for 1 year.

#### Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 23 March 2022 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

#### Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the financial statements.

In Prague on 19 April 2022

Audit firm:

Deloitte Audit s.r.o.  
registration no. 079

Statutory auditor:

David Batal  
registration no. 2147



# FINANCIAL SECTION

Date of financial statement: 21 March, 2022.

## 1 FINANCIAL STATEMENT

### 1.1 BALANCE SHEET AS AT 31 DECEMBER 2021

Assets as at 31 December, 2021

M CZK		Chapter	31/12/2021	31/12/2020
1.	Cash and balances with central banks	1.4.4	508	552
2.	State zero coupon bonds and other securities eligible for refinancing with the central bank	1.4.5	4,544	8,050
	a) issued by government institutions		4,544	8,050
3.	Receivables from banks and cooperative savings associations	1.4.6	7,918	7,938
	a) repayable on demand		7,918	7,938
4.	Receivables from clients – cooperative savings associations' members	1.4.7	64,332	57,045
	b) other receivables		64,332	57,045
5.	Debt securities	1.4.8	205	205
	b) issued by other entities		205	205
8.	Participation interests with controlling influence	1.4.10	370	257
	b) in other entities		370	257
9.	Intangible fixed assets	1.4.11	240	220
	b) other		240	220
10.	Tangible fixed assets	1.4.12	59	76
	a) land and buildings for operating activities		41	52
	b) other		18	24
11.	Other assets	1.4.13	795	930
13.	Pre-paid expenses and accrued revenues		19	37
<b>Total assets</b>			<b>78,990</b>	<b>75,310</b>

## Liabilities as at 31 December, 2021

M CZK		Chapter	31/12/2021	31/12/2020
1.	<b>Payables to banks and cooperative savings associations</b> b) other payables	1.4.14	<b>2,002</b> 2,002	<b>0</b> 0
2.	<b>Payables to clients – cooperative savings associations' members</b> a) repayable on demand b) other payables	1.4.15	<b>70,231</b> 8,408 61,823	<b>69,182</b> 9,143 60,039
4.	<b>Other liabilities</b>	1.4.17	<b>571</b>	<b>481</b>
5.	<b>Accrued expenses and deferred income</b>		<b>102</b>	<b>58</b>
6.	<b>Provisions</b> c) other	1.4.18	<b>60</b> 60	<b>58</b> 58
7.	<b>Subordinated liabilities</b>	1.4.19	<b>602</b>	<b>302</b>
<b>Total liabilities</b>			<b>73,568</b>	<b>70,081</b>
8.	<b>Registered capital</b> a) paid-up registered capital	1.4.20	<b>650</b> 650	<b>650</b> 650
10.	<b>Reserve funds and other funds from profit</b> a) reserve funds and risk funds b) other reserve funds c) other funds from profit		<b>4,329</b> 130 4,191 8	<b>4,362</b> 130 4,224 8
14.	<b>Retained earnings or accumulated losses from previous years</b>		<b>0</b>	<b>0</b>
15.	<b>Profit or loss for the accounting period</b>	1.4.23	<b>443</b>	<b>217</b>
<b>Total equity</b>			<b>5,422</b>	<b>5,229</b>
<b>Total liabilities</b>			<b>78,990</b>	<b>75,310</b>

## Off-balance sheet items as at 31 December, 2021

M CZK		Chapter	31/12/2021	31/12/2020
1.	Commitments and guarantees issued	1.4.24	7,308	3,230
6.	Receivables written-off	1.4.24	322	328
<b>Total off-balance sheet assets</b>			<b>7,630</b>	<b>3,558</b>
9.	Commitments and guarantees received	1.4.28	501	584
10.	Collaterals and pledges received	1.4.29	54,270	46,666
<b>Total off-balance sheet liabilities</b>			<b>54,771</b>	<b>47,250</b>

**1.2 INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2021**

M CZK		Chapter	31/12/2021	31/12/2020
<b>1.</b>	<b>Interest income and similar income</b>	1.4.32	<b>1,833</b>	<b>1,834</b>
	a) interest on debt securities		129	185
	b) other		1,704	1,649
<b>2.</b>	<b>Interest expense and similar expense</b>	1.4.32	<b>-893</b>	<b>-887</b>
	b) other		-893	-887
<b>3.</b>	<b>Income from shares and participation interests</b>		<b>5</b>	<b>5</b>
	b) income from participation interests with controlling influence		5	5
<b>4.</b>	<b>Fee and commission income</b>	1.4.33	<b>347</b>	<b>336</b>
<b>5.</b>	<b>Fee and commission expense</b>	1.4.33	<b>-143</b>	<b>-99</b>
<b>6.</b>	<b>Gain or loss from financial operations</b>	1.4.34	<b>0</b>	<b>-1</b>
<b>7.</b>	<b>Other operating income</b>	1.4.35	<b>5</b>	<b>24</b>
<b>8.</b>	<b>Other operating expenses</b>	1.4.35	<b>-49</b>	<b>-42</b>
<b>9.</b>	<b>Administrative expenses</b>	1.4.36	<b>-523</b>	<b>-471</b>
	a) employee expenses		-216	-294
	aa) wages and salaries		-161	-215
	ab) social security and health insurance		-47	-67
	ac) other		-8	-12
	b) other administrative expenses		-307	-177
<b>11.</b>	<b>Write-offs, creation and use of provisions and loss allowances for tangible and intangible fixed assets</b>	1.4.11, 1.4.12	<b>-99</b>	<b>-95</b>
<b>12.</b>	<b>Release of loss allowances and provisions for receivables, securities and guarantees, income from written-off receivables</b>	1.4.18, 1.4.37	<b>500</b>	<b>264</b>
<b>13.</b>	<b>Write-offs, creation and use of provisions and loss allowances for receivables, securities and guarantees</b>	1.4.38	<b>-450</b>	<b>-567</b>
<b>16.</b>	<b>Release of other provisions</b>	1.4.18	<b>17</b>	<b>1</b>
<b>17.</b>	<b>Creation and use of other provisions</b>	1.4.18	<b>4</b>	<b>-27</b>
<b>19.</b>	<b>Current year profit or loss from ordinary activities before tax</b>		<b>554</b>	<b>275</b>
<b>23.</b>	<b>Income tax</b>	1.4.39	<b>-111</b>	<b>-58</b>
<b>24.</b>	<b>Profit/loss for the accounting period after taxation</b>		<b>443</b>	<b>217</b>

**1.3 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 31 DECEMBER 2021**

M CZK	Registered capital	Share buy-back	Share premium	Reserve funds	Other funds	Capital funds	Gains (losses) from revaluation	Accumulated losses from previous years	Profit (loss)	Total
Balance as at 1/1/2020	650	0	0	3,978	8	0	0	-160	536	<b>5,012</b>
Changes in accounting policies	0	0	0	0	0	0	0	0	0	<b>0</b>
Corrections of fundamental errors	0	0	0	0	0	0	0	0	0	<b>0</b>
Exchange rate differences and gains (losses) from revaluation not included in P/L	0	0	0	0	0	0	0	0	0	<b>0</b>
Net profit/loss for the accounting period	0	0	0	0	0	0	0	0	217	<b>217</b>
Paid share in profit	0	0	0	0	0	0	0	0	0	<b>0</b>
Transfers to funds	0	0	0	376	0	0	0	160	-536	<b>0</b>
Use of funds	0	0	0	0	0	0	0	0	0	<b>0</b>
Issue of shares	0	0	0	0	0	0	0	0	0	<b>0</b>
Reduction in registered capital	0	0	0	0	0	0	0	0	0	<b>0</b>
Own shares purchased	0	0	0	0	0	0	0	0	0	<b>0</b>
Other changes	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Balance as at 31/12/2020</b>	<b>650</b>	<b>0</b>	<b>0</b>	<b>4,354</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>217</b>	<b>5,229</b>
Balance as at 1/1/2021	650	0	0	4,354	8	0	0	0	217	<b>5,229</b>
Changes in accounting policies	0	0	0	0	0	0	0	0	0	<b>0</b>
Corrections of fundamental errors	0	0	0	0	0	0	0	0	0	<b>0</b>
Exchange rate differences and gains (losses) from revaluation not included in P/L	0	0	0	0	0	0	0	0	0	<b>0</b>
Net profit/loss for the accounting period	0	0	0	0	0	0	0	0	443	<b>443</b>
Paid share in profit	0	0	0	-33	0	0	0	0	-217	<b>-250</b>
Transfers to funds	0	0	0	0	0	0	0	0	0	<b>0</b>
Use of funds	0	0	0	0	0	0	0	0	0	<b>0</b>
Issue of shares	0	0	0	0	0	0	0	0	0	<b>0</b>
Reduction in registered capital	0	0	0	0	0	0	0	0	0	<b>0</b>
Own shares purchased	0	0	0	0	0	0	0	0	0	<b>0</b>
Other changes	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Balance as at 31/12/2021</b>	<b>650</b>	<b>0</b>	<b>0</b>	<b>4,321</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>443</b>	<b>5,422</b>

## 1.4 NOTES TO THE FINANCIAL STATEMENT

### 1.4.1 GENERAL INFORMATION

#### 1.4.1.1 About the Bank – status as at 31 December, 2021

Corporate name	<b>Raiffeisen stavební spořitelna a.s.</b> (hereinafter “Raiffeisen stavební spořitelna” or the “Company” or “Bank”)
Business activities	Operation of building savings as defined in S. 1 of Act No. 96/1993 Coll., on building savings and state support for building savings, and execution of activities listed in S. 9(1) of Act No. 96/1993 Coll.
Initiation of business activity	7 September, 1993
Business ID	49241257
Tax ID	CZ49241257
Registered office	Hvězdova 1716/2b 140 78 Praha 4
Email	<a href="mailto:rsts@rsts.cz">rsts@rsts.cz</a>
Internet	<a href="http://www.rsts.cz">www.rsts.cz</a>
Info hotline	412 446 408
Data box	f6qr5pb
Amendments recorded in the Commercial Register in 2021	5 February, 2021 – change in the shareholder 15 April, 2021 – change in business activities 9 July, 2021 – change in members of the Board of Directors 21 August, 2021 – change in members of the Board of Directors 22 November, 2021 – change in the Company’s registered office
Legal form	Joint stock company
Shareholder and consolidating unit that compiles the consolidated financial statement for the narrowest group of accounting units to which the Bank belongs	Raiffeisenbank a.s., Prague, Czech Republic (100% of registered capital)
Registered capital	CZK 650,000,000
Consolidating unit that compiles the consolidated financial statement for the widest group of accounting units to which the Bank belongs	Raiffeisen Bank International AG with its registered office at Am Stadtpark 9, Vienna, Austria
Members of the Board of Directors as at 31 December, 2021	Ing. Pavel Čejka, MBA – Chairman Ing. Yvona Tošnerová – Deputy Chairwoman Bc. Jiří Antoš – Deputy Chairman
Members of the Supervisory Board as at 31 December, 2021	PhDr. Vladimír Kreidl, MSc. – Chairman Ing. Igor Vida – Member Mag. Dr. Martin Stotter – Member Mag. Hans Christian Vallant – Member

#### 1.4.1.2 Raiffeisen stavební spořitelna’s statement on the situation in Ukraine

The current political and economic situation in Ukraine may lead to increased global economic insecurity, increased price and exchange rate fluctuations, possible interruptions in energy supplies and a potential decline in global economic growth. Raiffeisen stavební spořitelna’s and its clients’ economic interaction with entities in the Russian Federation and Ukraine have been historically limited. The credit ratings of some clients which are exposed to these risks may lead to higher than originally anticipated credit risk provisions and loss allowances. All exposures to these high-risk countries are closely monitored and managed.

As at the date of compilation and approval of the publication of this individual financial statement, the management of Raiffeisen stavební spořitelna assessed the current political and economic situation as well as current and planned measures of the government of the Czech Republic, the Czech National Bank and the European Commission which may have negative impacts on Raiffeisen stavební spořitelna. Based on the assessment of the current situation and various development scenarios and public information



available on the date of approval of this individual financial statement, the management of Raiffeisen stavební spořitelna expects that the economic impacts of this situation on Raiffeisen stavební spořitelna will not significantly impact Raiffeisen stavební spořitelna's liquidity, capital position or the quality of its assets nor will these events cause, at the present time, significant uncertainty which could fundamentally threaten Raiffeisen stavební spořitelna's ability to maintain uninterrupted operations. The current uncertain development of the situation renders it premature to quantify the potential impact on Raiffeisen stavební spořitelna's financial results in 2022 and subsequent years. The overall economic impacts on Raiffeisen stavební spořitelna and its clients which have economic ties to this geographical area will depend primarily on the length of this war conflict and on the intensity of related political and economic measures and restrictions. At present, negative impacts of this situation on the economic environment in which Raiffeisen stavební spořitelna operates and on Raiffeisen stavební spořitelna's mid-term financial status and performance cannot be ruled out. The management of Raiffeisen stavební spořitelna is closely monitoring and managing the situation and is prepared to take appropriate measures that take into account current developments. Possible future measures that Raiffeisen stavební spořitelna may adopt in response to the changing situation may in particular relate to accounting estimates and credit risk provision and loss allowance calculation methods according to IFRS 9.

No further events occurred after the date of the financial statement which would have a significant impact on the individual financial statement as at 31 December, 2021.

### 1.4.1.3 Basis for financial statement

The financial statement of Raiffeisen stavební spořitelna was compiled on the basis of accounting maintained in compliance with Act No. 563/1991 Coll., on accounting (hereinafter the "Accounting Act"), as amended, and Decree No. 501/2002 Coll. of the Ministry of Finance of the Czech Republic as applicable from 1 January, 2018, and the Czech accounting standards for financial institutions of the Ministry of Finance.

This financial statement was compiled in compliance with Decree No. 501/2002 Coll. of the Ministry of Finance of the Czech Republic, as applicable from 1 January, 2018, which stipulates the structure, coding and content of the items in the financial statement. S. 4a(1) of the Decree also stipulates that for the purpose of reporting, evaluating and informing about financial instruments in the notes to the financial statement, the accounting unit shall proceed in line with the international financial reporting standards governed by directly applicable legislation of the European Union on the application of international financial reporting standards (hereinafter the "international financial reporting standards" or "IFRS").

The financial statement was compiled based on the accrual principle and historical prices. The financial statement is based on the assumption that Raiffeisen stavební spořitelna will uninterruptedly continue its operation and that there is no matter that would restrict or prevent its operation in the foreseeable future.

The balance sheet date is 31 December, 2021. The current accounting period is from 1 January, 2021 until 31 December, 2021. The previous accounting period was from 1 January, 2020 until 31 December, 2020.

All data are listed in Czech crowns (CZK). The unit of measurement is million CZK, unless stated otherwise. This financial statement is unconsolidated.

The business activity of Raiffeisen stavební spořitelna consist in operating building savings as defined by S. 1 of Act No. 96/1993 Coll., on building savings and state support for building savings, as amended (hereinafter the "Building Savings Act"), and execution of activities listed in S. 9(1) of the Building Savings Act. The Bank's license was issued by the Ministry of Finance of the Czech Republic on 15 April, 1993 and by the Czech National Bank on 7 September, 1993.

Equivalent disclosure of information, which the Company conducted pursuant to accounting or other requirements, is provided in the financial statement and on the Company's website.

Mandatorily disclosed information pursuant to Part Eight of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June, 2013 is published on the Bank's website in the Mandatory Disclosure section (<https://www.rsts.cz/povinne-uvarejnovane-informace/>).

## 1.4.2 SIGNIFICANT ACCOUNTING POLICIES

The Raiffeisen stavební spořitelna financial statement was compiled in compliance with the following major accounting policies.

## 1.4.2.1 Accounting policies

### 1.4.2.1.1 Receivables from banks and cooperative savings associations

The balance sheet item “Receivables from banks and cooperative savings associations” includes the following:

- Receivables from banks arising from term deposits and current account deposits. Raiffeisen stavební spořitelna creates loss allowances for these receivables due to impairment. Loss allowances are created on a monthly basis.
- Loans from reverse repurchase agreements with the Czech National Bank. Income arising under reverse repurchase agreements as the difference between the sale and repurchase prices is accrued evenly over the term of the agreement and reported in the income statement as “Interest income and similar income”. Securities received under reverse repo agreements are only kept at their nominal value in off-balance sheet accounts under “Collaterals and pledges received”.

Policies and procedures for classification of receivables are presented in Chapter 1.4.43.

### 1.4.2.1.2 Receivables from clients – cooperative savings associations’ members

The item includes loans valued at their amortized cost that were valued at fair value including additional direct transaction costs upon their initial recognition; subsequently, they are valued at amortized cost applying the effective interest rate. Accrued interest is recognized in the respective accounting groups for individual assets and it is reported with the respective asset. Interest income is accounted for the period to which it is factually and temporally related. Raiffeisen stavební spořitelna creates loss allowances for these receivables due to impairment. Loss allowances are created on a monthly basis.

Policies and procedures for the classification of receivables are presented in Chapter 1.4.43.

### 1.4.2.1.3 Securities

In accordance with the Building Savings Act, Raiffeisen stavební spořitelna is only allowed to purchase mortgage bonds and similar products issued by the Member States of the Organization for Economic Cooperation and Development, bonds issued by the Czech Republic, bonds for which the Czech Republic assumed guarantees, bonds issued by the Czech National Bank, bonds issued by the Member States of the Organization for Economic Cooperation and Development, central banks and financial institutions of such states and banks domiciled in such states, bonds for which these states assumed guarantees, and bonds issued by the European Investment Bank, the Nordic Investment Bank and the European Central Bank. Following a business model whose objective is to hold assets to collect their contractual cash flows, Raiffeisen stavební spořitelna classifies securities in the portfolio of securities valued at amortized cost (AC). These securities may be sold, but the sales are expected to be incidental. Upon initial recognition, the securities are measured at acquisition cost. It includes direct transaction costs related to the purchase known at the time of purchase.

Accrued interest income is accounted for on a monthly basis. For coupon bonds classified as securities valued at amortized cost, accrued interest income (coupon) is recognized on a monthly basis. Coupon accruals are obtained using the linear method. Premium or discount accruals (amortization) are obtained using the effective interest rate or linear method. The linear method is used for zero-coupon bonds with a maturity of up to one year and for variable-coupon bonds.

Raiffeisen stavební spořitelna creates loss allowances for securities classified in the portfolio of securities valued at amortized cost due to impairment. Loss allowances are created on a monthly basis.

For the purpose of financial assets impairment and creation of loss allowances, securities are categorized as Stages 1 through 3.

Securities are reported under “Debt securities” or “State zero coupon bonds and other securities eligible for refinancing with the central bank”. Interest income and expenses are reported in the income statement as “Interest income and similar income”. Upon sale, gains and losses are reported in the income statement as “Gain or loss from financial operations”.

Policies and procedures for classification of receivables are presented in Chapter 1.4.43.

### 1.4.2.1.4 Participation interests with controlling and substantial influence

A participation interest with controlling influence means interest in an entity where Raiffeisen stavební spořitelna is a majority shareholder. In such case Raiffeisen stavební spořitelna has a controlling influence on the entity’s management and full control of its activities.

Participation interests with controlling and substantial influence are recognized at acquisition cost, including transaction costs, net of any loss allowances made due to temporary impairment of their value or net of any write-offs due to permanent impairment of their value.

### 1.4.2.1.5 Interest

Interest income and expense are reported in the income statement as “Interest income and similar income” and “Interest expense and similar expense” using the effective interest rate method.

The effective interest rate (EIR) is a rate discounting the anticipated future incoming or outgoing cash flows over the financial instrument’s expected life. When applying the amortized cost valuation, the accounting unit uses the EIR method to calculate the interest income or expense. When applying the EIR method, the accounting unit identifies fees which comprise an inseparable part of the financial instrument’s EIR. Raiffeisen stavební spořitelna considers the following expenses and income inseparable parts of the financial instrument’s EIR that need to be accrued:

- Initial fees for the conclusion of building savings contracts and loans;
- Commissions associated with the conclusion of building savings contracts and loans;
- Contributions to client campaigns;
- Any other transaction costs/income associated with acquisition.

When applying the EIR method, the accounting unit shall usually amortize all fees, paid and received interest, transaction costs (fees and commissions to financial advisors) and other premiums or discounts included in EIR calculation over the financial instrument’s expected life. Changes to the effective interest rate policy are described in more detail in Chapter 1.4.3.1.

### 1.4.2.1.6 Guarantees and loan commitments issued

Loan commitments issued are commitments to provide loans under agreed terms.

Raiffeisen stavební spořitelna did not issue any loan commitments to be valued at fair value through profit or loss (FVTPL).

The loan commitments issued are reported in the off-balance sheet items “Commitments and guarantees issued”.

### 1.4.2.1.7 Recognition and initial valuation

Selected financial assets and financial liabilities, e.g. receivables from clients, payables to clients, etc., shall be initially recognized as of the time of their establishment. All other financial instruments (including spot purchases and sales of financial assets) shall be recognized as of the transaction settlement date, i.e. the date on which the accounting unit becomes the party to the contractual provisions of the given financial instrument.

A financial asset or liability shall be initially recognized at fair value adjusted for transactions costs. Transaction costs are costs directly assignable to acquisition or issue.

### 1.4.2.1.8 Classification

#### Financial assets

Upon first recognition the financial assets are classified as:

- valued at amortized cost (AC).

The financial asset is valued at amortized cost (AC) if both of the following conditions are met cumulatively and at the same time the asset is not valued at fair value through profit or loss (FVTPL):

- The asset is held under a business model whose objective is to hold financial assets to collect their contractual cash flows;
- The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interests on the outstanding principal amount (the SPPI test).

#### Assessing the business model

The business model of the accounting unit is determined at a level that reflects how groups of financial assets are managed to achieve a certain business objective. This condition therefore does not reflect classification of individual instruments but is determined at a higher level of aggregation. The accounting unit considers all relevant information and evidence available as at the date of assessment. This relevant information and evidence include but are not limited to:

- Set methods and objectives for the portfolio and a practical approach to such methods. Namely, whether the accounting unit’s strategy is focused on income from contractual interest, maintaining the interest rate profile, correspondence between the duration of financial assets and duration of their underlying liabilities which serve as a source of financing for these assets, or generation of cash flow by selling the assets;
- How the performance of the business model and the financial assets held within that model are evaluated and reported to the accounting unit’s key management personnel;

- Risks that affect the performance of the business model and the financial assets held within the model, and, in particular, the way those risks are managed;
- How the accounting unit's managers and unit heads are compensated, e.g. whether the compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- Frequency, volume and timing of sales in prior periods, the reasons for these sales and the expectations about future sales activity. However, information about sales activity is not considered in isolation, but as a part of a holistic assessment of how the accounting unit's stated objective for managing the financial assets is achieved and how the cash flows are realized.

#### **Assessing whether cash flows are solely payments of principal and interests on the principal amount outstanding (the SPPI test)**

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is consideration for the time value of money and credit risk associated with the outstanding principal amount over a specific time period and other basic lending risks and costs (e.g. liquidity risk and administrative costs), and a profit margin.

When assessing whether cash flows meet the "solely payments of principal and interest" criterion, the accounting unit assesses the contractual terms of the given instrument. This includes consideration of whether the financial asset's contractual terms allow for changing the timing and amount of the contractual cash flows. As a part of the assessment, the accounting unit considers:

- Contingent features that may change the timing and amount of the contractual cash flows;
- The leverage effect;
- Early termination and term extension;
- Terms limiting the accounting unit's collection options from specific asset cash flows;
- Terms modifying the time value of money (e.g. ways of periodically resetting the interest rate).

#### **Reclassification**

Once initially recognized, financial assets are not reclassified except for situations where the business model of the accounting unit has changed during the current accounting period; in such a case, reclassification of the respective financial assets takes place in the following accounting period.

#### **Financial liabilities**

The accounting unit classifies its financial liabilities, other than financial guarantees and commitments issued, as valued at amortized cost.

#### **1.4.2.1.9 Derecognition**

A financial asset shall be derecognized if the contractual rights to collect cash flows from the asset expire:

- Rights to collect cash flows from the financial asset are transferred to a third person; the overall objective of the receivable assignment is to generate immediate financial return higher than the estimated net present value of the future recovered performance under other instruments. Beside cash generation from the assigned receivables, another objective is one-off streamlining of the liabilities portfolio;
- Following a recommendation of the Credit Risk Management Committee and in line with the NPL reduction strategy, Raiffeisen stavební spořitelna, through a Board of Directors decision, writes off debts that continue to be recovered and recognized in off-balance sheet records;
- If a debt is assessed as unrecoverable or its further recovery is uneconomical, it shall be written off.

Write-offs of receivables from clients are tax-optimized. Costs associated with write-offs are compensated by means of loss allowances. Written-off receivables that continue to be recovered are kept on off-balance sheet accounts until the process of recovering the due amounts is over.

#### **1.4.2.1.10 Modification of financial assets and financial liabilities**

Following modification of the terms of a financial asset or liability, Raiffeisen stavební spořitelna shall assess whether the cash flows from such modified financial asset or liability are substantially different.

The only modification relevant in the Raiffeisen stavební spořitelna environment would be the restructuring of financial assets or loans, as the case may be. However, cash flows following restructuring are not substantially different (the modification consists merely in different timing of instalments). Therefore, such modified financial asset is not derecognized. However, a modified financial asset is considered default (see the definition of default in Chapter 1.4.43.2.4.3).

Following the offer by Raiffeisen stavební spořitelna, and later on the basis of Act No. 177/2020 Coll. (on certain measures regarding the repayment of loans during the COVID-19 pandemic), the clients had the opportunity to apply for loan repayment deferral of 1

up to 6 months between 1/5/2020 and 31/10/2020. As at 31/12/2021, Raiffeisen stavební spořitelna recorded 3,107 contracts worth CZK 3.0 billion under the moratorium. Raiffeisen stavební spořitelna calculated the difference between the net present value of the original cash flow with the original instalment plans, and the new cash flow with the deferred instalments. The loss added up to CZK 13.4 million.

#### 1.4.2.1.11 Off-set and reporting in net value

Financial assets and financial liabilities may be offset and their net value reported in the balance sheet only if Raiffeisen stavební spořitelna holds an enforceable right to offset the given balances and if Raiffeisen stavební spořitelna plans either settlement in net value or simultaneous realization of the asset and settlement of the liability.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the accounting unit's trading activity.

#### 1.4.2.1.12 Fair value measurement

"Fair value" is the price that would be obtained from sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal (or most advantageous) market that the accounting unit can access at the given date. The fair value of a liability reflects the risk of default. The risk of default includes, but is not limited to, the accounting unit's own credit risk.

The accounting unit measures the fair value of an instrument using the quoted price in an active market for the instrument, if available. An active market means a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If no quoted price from an active market is available, the accounting unit shall apply valuation techniques that use relevant observable inputs to the maximum extent and minimize the use of unobservable inputs. The selected valuation technique shall consider all factors that market participants would consider for the valuation of such a transaction.

The best evidence for the fair value of a financial instrument upon initial recognition is usually the transaction price (i.e. the fair value of the provided or received consideration).

Should the accounting unit determine that the fair value at initial recognition differs from the transaction price and the fair value is supported neither by a price quoted on the active market for an identical asset or liability nor based on a valuation technique where unobservable inputs are disregarded as insignificant for the valuation, the financial asset shall be initially valued at fair value and subsequently the difference between the initial fair value and the transaction price shall be accrued in the income statement over the remaining life of the instrument. The accrual may apply only over the period for which such valuation remains supported by observable market data or until the transaction is closed.

Where there is a bid and ask price for an asset or liability valued at fair value, the accounting unit shall value:

- Assets and long positions at the bid price; and
- Liabilities and short positions at the ask price.

Portfolios of financial assets and financial liabilities exposed to market and credit risks, managed by the accounting unit based on their net exposure to market or credit risks, shall be valued based on the price that could be obtained from the sale of the net long position (or paid for transfer of the net short position) of the given risk exposure. Modifications at the portfolio level (e.g. modification of bid and ask prices or modification of credit risks that reflect the valuation on the basis of net position) shall be allocated to each asset and liability correspondingly to the respective risk modification of the given instrument in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

#### Fair value hierarchy

The accounting unit measures fair value by applying the following fair value hierarchy, which reflects the significance of inputs used in valuation techniques.

Level 1 inputs: Level 1 inputs are (unadjusted) quoted prices in active markets for identical assets or liabilities that the accounting unit can access at the measurement date.

Level 2 inputs: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (as derived from prices). Level 2 inputs include instruments measured using:

- Quoted prices for similar instruments in active markets;
- Quoted prices for identical or similar instruments in markets that are not considered active; or

- Other valuation methods where all significant inputs are observable directly or indirectly from market data.

Level 3 inputs: Level 3 inputs are unobservable inputs. Level 3 inputs include all instruments where valuation methods involve unobservable inputs while the unobservable inputs have a significant impact on the instrument measurement. This level includes instruments measured based on quoted prices for similar instruments for which significant unobservable modifications or assumptions are required to reflect the differences between the instruments.

For more on fair value, refer to Chapter 1.4.44.

#### 1.4.2.1.13 Impairment

The accounting unit reports loss allowances for expected credit loss (ECL) from the following financial instruments that are not measured at FVTPL:

- Loans and loan commitments;
- Debt securities and term deposits;
- Receivables from the Czech National Bank;
- Trade receivables;
- Other receivables not measured at FVTPL.

For financial instruments on which no significant increase in credit risk has appeared since initial recognition, Raiffeisen stavební spořitelna uses the 12-month ECL loss allowance.

For financial instruments on which a significant increase in credit risk, or indeed credit impairment (default) has appeared, Raiffeisen stavební spořitelna uses the lifetime ECL loss allowance.

12-month ECLs represent the portion of lifetime expected credit losses that result from default events on the financial instrument that are possible within the 12 months following the balance sheet date.

#### Measuring expected credit loss (ECL)

ECL represents the probability-weighted estimate of credit loss and is determined as follows:

- Financial assets that are not impaired: as the present value of all cash shortfalls (i.e. difference between the contractual cash flows credited to the accounting unit and cash flows that the accounting unit expects to receive);
- Financial assets that are impaired: as the difference between the gross book value of the given financial asset and the present value of estimated future cash flows;
- As-yet unused loan commitments: as the present value of the difference between contractual cash flows credited to the accounting unit, if the loan commitment has been already used, and cash flows that the accounting unit expects to receive;
- They are quantified on a case-by-case basis.

For further information see Chapter 1.4.43.

#### Restructured financial assets

- When the financial asset's contractual terms are modified, or it is restructured, such asset is usually not derecognized at Raiffeisen stavební spořitelna. A restructured financial asset is considered impaired, i.e. default, and a lifetime ECL loss allowance is measured.

#### Impaired financial assets

The accounting unit shall assess as at each balance sheet date whether its financial assets valued at amortized cost are impaired. A financial asset is impaired if one or more events occurred that have a negative impact on the estimated future cash flows from such financial asset. Measuring impairment is consistent with measuring default, which is explained in more detail in Chapter 1.4.43.

#### Presentation of loss allowances for ECL in the balance sheet:

- Financial assets measured at amortized cost: the loss allowance is deducted from the gross book value of the assets;
- Loan commitments – as provisions;
- Loss allowances and provisions for ECL created by debiting expenses are reported in the income statement as “Write-offs, creation and use of loss allowances and provisions for receivables and guarantees”. This item also includes possible subsequent use of loss allowances,
- Release of allowances and provisions for ECL when no longer needed is reported in the income statement under “Release of loss allowances and provisions for receivables and guarantees, income from written-off receivables”.
- Tax-deductible loss allowances – the tax-deductible portion of the total loss allowances created for losses from loans for the accounting period is calculated according to S. 5 (“Banking provisions and loss allowances”). Loss allowances are recorded in the analytical accounts for the purpose of calculating the tax liability;



- Write-offs of receivables are included under “Write-offs, creation and use of loss allowances and provisions for receivables and guarantees” in the income statement. When writing off a receivable for which a loss allowance has been created in full amount, loss allowances under the same item of the income statement are decreased by the same amount. Income from written-off loans is reported in the income statement under “Release of loss allowances and provisions for receivables and guarantees, income from written-off receivables”.

#### **1.4.2.1.14 Classification of a financial instrument into a category measured at fair value through profit or loss (FVTPL)**

N/A to Raiffeisen stavební spořitelna.

#### **1.4.2.1.15 Payables to clients**

Deposits on building savings accounts are recognized as clients’ savings deposits, which are monitored and classified into three basic types of deposits with a fixed maturity. The first type are deposits with the saving period of up to 5 or 6 years inclusive, which are classified as savings term deposits with a fixed maturity of 5 or 6 years matching the minimum saving period needed for the payout of government support stipulated by the Building Savings and Government Support of Building Savings Act (hereinafter referred to as “the mandatory saving period”). The second type are deposits made during the extended period of the building savings contract after the expiry of the mandatory saving period, which are classified as savings term deposits with a notice period, the maturity period of which matches the notice period of the contract (3 months). The third type are deposits on building savings accounts after the granting of a building savings loan, or after the conclusion of a loan agreement with a condition of deposit payout prior to the use of the loan, which are classified as savings non-term deposits repayable on demand. This classification of deposits complies with the measure of the Czech National Bank establishing the methodology for the compilation of statements submitted to the Czech National Bank.

The item includes deposits measured at amortized cost that are initially recognized at fair value with the inclusion of additional direct transaction costs and subsequently measured at amortized cost using the effective interest rate method. Accrued interest is recognized in the respective accounting groups for individual liabilities and it is reported together with the respective liability. Interest expenses are accounted for the period to which they are factually and temporally related.

#### **1.4.2.1.16 Tangible and intangible fixed assets**

Tangible fixed assets include assets with an entry price higher than CZK 80,000 (CZK 40,000 until 31/12/2020) and a useful life longer than 1 year. Intangible fixed assets include assets with no physical substance with an acquisition cost higher than CZK 60,000 (or CZK 40,000 for taxation periods 2014 through 2020) and a useful life longer than 1 year. Book depreciation of tangible and intangible fixed assets takes place indirectly through accumulated amortization. The assets are kept in the accounting books at acquisition cost until disposed of.

Small tangible fixed assets include assets with an acquisition cost from CZK 10,000 up to 80,000 with a useful life longer than 1 year (or with an acquisition cost from CZK 1,000 up to 80,000 until 30/06/2021) and they are recognized directly as administrative costs. Small intangible fixed assets include assets with an acquisition cost from CZK 10,000 up to 60,000 with a useful life longer than 1 year (or with an acquisition cost from CZK 1,000 up to 60,000 until 30/06/2021) and they are recognized directly as administrative costs. Small tangible and intangible fixed assets are recognized as administrative costs and are also kept in operational records until disposed of. The accrual method is used for costs related to mass purchases of a larger quantity of small tangible and intangible assets (over CZK 500,000).

Raiffeisen stavební spořitelna further recognizes fixed tangible assets, or leased right-of-use assets, pursuant to IFRS 16. When in the position of a lessee, Raiffeisen stavební spořitelna classifies leased assets in the category of fixed tangible assets – leasing.

Tangible and intangible assets are measured at acquisition cost. The acquisition cost includes the cost at which the asset was acquired and the costs associated with its acquisition.

Right-of-use assets that constitute fixed tangible assets are valued by the accounting unit at acquisition cost as at the date of initial recognition of the lease in the accounting books. Right-of-use asset means the lessee’s right to use the underlying asset over the lease period.

The value of a given tangible fixed asset will be increased by any completed technical improvements if its expenses exceed CZK 80,000 in aggregate per accounting period and the technically appreciated asset is put in use.

The value of a given intangible fixed asset will be increased by any completed technical improvements if the technically appreciated asset is put in use and the appreciation expenses exceed:

- CZK 40,000 in aggregate per accounting period for assets acquired until 31/12/2000;

- CZK 60,000 in aggregate per accounting period for assets acquired from 01/01/2001 until 31/12/2003;
- CZK 40,000 for assets acquired on 01/01/2004 or later; each partial performance of any completed technical improvements of an intangible fixed asset is considered individually as per S. 32a(6) of the Income Taxes Act;
- CZK 60,000 in aggregate per accounting period for assets acquired on 01/01/2021 and later;

The depreciation period for right-of-use assets is determined by Raiffeisen stavební spořitelna individually depending on particular lease contracts. The depreciation period determined in this manner is based on the lease period and the time period during which the accounting unit is sure to be leasing the asset. Raiffeisen stavební spořitelna applies the linear depreciation method to right-of-use assets depending on individually determined lease periods.

Accounting and tax depreciation are governed by the applicable depreciation schedule.

Depreciation periods for individual categories of tangible and intangible fixed assets are the following:

Type of asset	Depreciation period
Software	Book depreciation: 4–17 years / tax depreciation: 3–15 years
Audiovisual works	Book depreciation: 18–24 months / tax depreciation: 18 months
Buildings	Book depreciation: 25 years / tax depreciation: 30 years
Machinery and equipment	Book depreciation: 4–10 years / tax depreciation: 3–10 years
Computer equipment	Book depreciation: 3–4 years / tax depreciation: 3–4 years
Furniture and fixtures	Book depreciation: 6–10 years / tax depreciation: 5–10 years
Vehicles	Book depreciation: 5 years / tax depreciation: 5 years
Right of use	as per the anticipated validity of the lease contract

#### 1.4.2.1.17 Financial leasing from the lessee's perspective

Starting from 1 January, 2019, Raiffeisen stavební spořitelna has applied the international financial reporting standard IFRS 16 Leases. A contractual arrangement is considered a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

An accounting unit in the position of a lessee reports the right-of-use asset and the related lease liabilities in the balance sheet, unless:

- the lease period is shorter than 12 months;
- the underlying asset has a low acquisition cost.

#### Right-of-use asset

A right-of-use asset is initially valued at the acquisition cost which includes:

- initial valuation of the lease liability;
- lease payments made as at the start date or earlier, reduced by any received lease incentives;
- initial direct costs;
- estimated costs to be expended by the lessee for the dismantle and removal of the leased asset; commissions paid to the real estate agent. These are costs to acquire the lease that would not have been expended if the lease had not come into effect.

Right-of-use assets are reported in the balance sheet under the "Tangible fixed assets" item and are subject to linear depreciation during the underlying asset's economic life or until the lease termination, whichever occurs first. Respective depreciation is reported in the income statement under the "Write-offs, creation and use of provisions and loss allowances for tangible and intangible fixed assets" item.

#### Lease liabilities

A lease liability is initially valued at the present value of lease payments that have not been paid as at the initial recognition date. Lease payments are discounted applying the interest rate (incremental interest rate) that the lessee would be obliged to pay if it borrowed funds to purchase the underlying asset while respecting conditions related to the lease (i.e. lease/loan duration, loan amount, etc.).

Subsequently, the lease liability is revalued (lease modification) if any changes in the future lease payments occur (e.g. due to reassessment of extension or early termination of the lease, etc.). When a lease liability is thus revalued (modified), the right-of-use asset shall also be revalued. For zero-value right-of-use assets, the revaluation of the lease liability shall be recognized in the income statement.

Lease liabilities are reported in the balance sheet under the "Other liabilities" item.



Interest expenses ensuing from lease liabilities are reported in the income statement under the “Interest expense and similar expense” item.

Raiffeisen stavební spořitelna leases non-residential premises. The following steps were taken upon introduction of the IFRS 16 standard:

- Analysis of valid existing lease contracts as at 1 January, 2019;
- Identification of leases as per IFRS 16 requirements;
- Definition of the transition method;
- Determination of the incremental interest rate;
- Determination of particular lease periods for each lease contract.

Raiffeisen stavební spořitelna measured and reported its lease liabilities at the present value of future lease payments that had not been paid as at the start date of the lease, and discounted them subsequently applying the incremental interest rate. At the start of the standard application, the accounting unit applied a single incremental interest rate of 3.2% to the lease contract portfolio.

The right-of-use assets are subject to depreciation. The depreciation period was determined individually depending on particular lease contracts. The depreciation period determined in this manner is based on the lease period and the time period over which the Company is sure to be leasing the asset. The accounting unit applies the linear depreciation method to right-of-use assets depending on individually determined lease periods.

M CZK	
Lease liabilities as at 1 January, 2021	21
Right-of-use assets as at 1 January, 2021	31

M CZK	
Lease liabilities as at 31 December, 2021 (modified)	20
Right-of-use assets as at 31 December, 2021 (modified)	20

#### 1.4.2.1.18 Derivatives

Raiffeisen stavební spořitelna does not have any derivatives.

#### 1.4.2.1.19 Derivatives held for risk management and hedge accounting purposes

N/A to Raiffeisen stavební spořitelna.

#### 1.4.2.1.20 Embedded derivatives

N/A to Raiffeisen stavební spořitelna.

#### 1.4.2.1.21 Repurchase and reverse repurchase agreements and short sales

Raiffeisen stavební spořitelna carries out operations where securities are sold under the commitment to repurchase them (repo) at a predetermined price or purchased under the commitment to resell them (reverse repo), which are treated as collateralized borrowing and lending transactions. The legal title to the securities is transferred to the lender. Securities legally transferred under a repurchase agreement are accounted for in an unchanged manner for the duration of the repo agreement, i.e. they continue to be included under the relevant securities items in the Bank's balance sheet and continue to be measured in the same way. These securities are kept on separate analytical accounts and the amount obtained from the transfer of securities under repurchase agreements is reported under “Payables to banks and cooperative savings associations”. Securities received under reverse repo agreements are only kept in off-balance sheet accounts under “Collaterals and pledges received”. Loans provided under reverse repurchase agreements are included in “Receivables from banks and cooperative savings associations”. Interest on bonds transferred under repurchase agreements is accrued while interest on bonds received under reverse repurchase agreements is not. Income and expenses arising under repurchase and/or reverse repurchase agreements as the difference between the sale and purchase prices are accrued evenly over the term of the agreement and reported in the income statement as “Interest income and similar income” or “Interest expense and similar expense”.

#### 1.4.2.1.22 Received deposits, issued debt securities and subordinated liabilities

Subordinated liabilities are reported under the "Subordinated liabilities" item. A received loan was initially valued at fair value, no additional direct transaction costs were incurred. Subsequently, it is valued at amortized costs.

#### 1.4.2.1.23 Transactions with securities for clients

Raiffeisen stavební spořitelna does not undertake any securities transactions on behalf of its clients.

#### 1.4.2.1.24 Creation of provisions

Provisions represent a probable performance of an obligation with an uncertain timespan and amount. Provisions are created to the debit of expenses at an amount equal to the best estimate of the expenses necessary to settle the existing debt. Provisions are recognized in the balance sheet for cases meeting the following criteria:

- There is a (legal or material) duty to perform resulting from past events;
- It is probable that performance will occur and that it will require cash outflow representing economic benefit; "probable" means a probability exceeding 50%;
- The value of such performance can be reasonably and reliably estimated.

Provisions are broken down according to the purpose of their use. In addition, they are classified as statutory provisions, provisions for commitments, and other provisions:

- Statutory provisions – their creation is set out by the Provisions Act and taken into account by the Income Taxes Act (tax-deductible provisions);
- Provisions for commitments made in accordance with IFRS 9;
- Other provisions – their creation is not stipulated by law (tax non-deductible provisions).

#### 1.4.2.1.25 Date of transaction

Depending on the type of transaction, the date of the transaction is the day on which cash is paid or collected, the day of purchase or sale of foreign currency or securities, day of execution of a payment, or collection from a client's account, day of settlement of bank payment orders with the Czech National Bank clearing centre, day of conclusion and day of settlement of transactions with securities, foreign currency, options, or other derivatives, day of issuance or acceptance of guarantees and commitments, day of acceptance of values for custody, and day of confirmation of building savings contracts.

Transactions pertaining to purchase and sale of financial assets with ordinary delivery dates (spot operations) as well as fixed-term and option contracts are managed on off-balance sheet accounts from the moment of conclusion of the transaction until settlement of the transaction.

Financial assets or parts of financial assets are derecognized from the balance sheet in cases where there was a loss of control over contractual rights to these financial assets or parts of financial assets. Raiffeisen stavební spořitelna loses such control in the event that it exercises its rights to the benefits defined by the contract, the rights expire, or the Bank waives such rights.

#### 1.4.2.1.26 Dividends received

Dividends received are recognized in the income statement once the right to receive dividends arises. Dividends received are recognized under "Income from other shares and participation interests".

#### 1.4.2.1.27 Fee and commission income

Fees and commissions not included in the calculation of the effective interest rate are recognized on an accrual basis as at the date when the service is rendered. Income from and expenses on commissions from cross-selling transactions are recorded as prepaid expenses and accrued income for the given year. Commissions that have not been settled yet are recognized as estimated payables.

#### 1.4.2.1.28 Foreign currency translation

Accounting transactions denominated in foreign currencies are recorded in Czech crowns. The exchange rate used for conversion is the rate announced by the Czech National Bank for the date of the transaction. For specific cases relating to the date of taxable supply according to the applicable VAT Act, the date of transaction is deemed to be the mandatory tax return date.

When preparing the financial statement, Raiffeisen stavební spořitelna measures all assets and liabilities denominated in foreign currencies by their conversion into Czech crowns using the exchange rate of the Czech National Bank prevailing on the balance sheet date.

Any exchange rate gains and losses are reported in the income statement as “Gain or loss from financial operations”.

#### **1.4.2.1.29 Taxation**

The corporate income tax base is calculated in accordance with Act No. 586/1992 Coll., on income taxes, as amended, based on profit or loss of the current year before taxation by adding non-tax-deductible expenses and other items increasing the tax base and subtracting revenues not subject to income tax and other tax-deductible items, as well as tax discounts and relevant credits. In the balance sheet, the income tax is included together with pre-paid tax and the net value is reported as other assets or other liabilities.

Deferred tax is determined from any temporary differences between the book and tax values of assets and liabilities using the expected tax rate applicable to the following period. Raiffeisen stavební spořitelna only accounts for a deferred tax receivable if there is no doubt about its further use in subsequent accounting periods.

#### **1.4.2.1.30 Value added tax**

Raiffeisen stavební spořitelna is a registered value added tax payer. Due to the high proportion of financial activity, Raiffeisen stavební spořitelna is not entitled to tax deductions on a majority of received taxable supplies.

#### **1.4.2.1.31 Off-balance sheet transactions**

Loan commitments are recognized at the nominal value of the loan upon approval of the loan contract. Loan commitments are reduced by the respective amount when drawn. The value of loan commitments reflects any potential increase or decrease in the nominal amount of the loan.

Collaterals, pledges and guarantees received are recognized at the net disposable value of the collateral at the moment of conclusion of the loan contract, up to the amount of the receivable. They are derecognized upon termination of the loan contract.

### **1.4.2.2 Major accounting discretions and estimates**

When applying accounting rules to preparation of individual financial statements in compliance with IFRS, the Company's management must apply expert discretion, make estimates and presumptions which may impact the amounts of assets and liabilities reported as at the date of the financial statement, information disclosed on contingent assets and liabilities, and income and expenses reported for the respective period. Such estimates and accounting discretions are based on information available as at the date of the financial statement and particularly concern the determination of:

- The exact decrease in value of assets;
- Provisions reported under liabilities;
- The amount of a deferred tax asset which may be recognized in view of its likely future timing and the amount of future taxable income in conjunction with the future tax planning strategy;
- The exact decrease in value of and provisions for credit risks related to financial assets measured at amortized cost and to granted loan commitments, measured on the basis of models or internal presumptions reflecting past, current and future data;
- Duration of lease periods for lease contracts concluded for an indefinite period;
- Value of intangible fixed assets.

Information on key accounting discretions and presumptions pertaining to the future, and on other major sources of uncertainty in estimates as at the date of the financial statement, for which there is a major risk that they might give rise to significant adjustments to book assets and liabilities in the next accounting period, is included in the respective chapters, if applicable.

The continuation of the COVID-19 pandemic causes lasting elevated instability and uncertainty in the economic environment which require discretions and estimates that may be very intricate in certain areas. The COVID-19 pandemic has had major impacts especially in credit risk management, as described in the following chapters. The Company keeps continues to monitor the changing conditions in other risk management areas and assess their impact.

### 1.4.3 IMPACT OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS OF FUNDAMENTAL ERRORS

#### 1.4.3.1 Impact of changes in accounting policies

Raiffeisen stavební spořitelna revised its effective interest rate accounting policy in 2021.

Raiffeisen stavební spořitelna accrues initial costs and income associated with the acquisition of new contractual relationships in bridge loans. The duration of accruals was set for the first fixed-interest-rate period of the bridge loan, where the legislation allows clients to repay the loan early. The linear accrual method was used for income (initial fees) and costs (direct commissions paid). Testing of the different years of origination of these loans has shown that the average asset duration, even when taking into account early repayments, is longer than the first fixed-interest-rate period, and asset duration is closely linked to the interest rate cycle.

Raiffeisen stavební spořitelna has therefore decided to monitor the average duration and extend the accrual period to eight and a half years. The extension related especially to existing loans in the portfolio originating after 2018, primarily 2020 and 2021 loans, where the accrual principle was not fully applied to acquisition costs and income. These loans were subjected to the extended accrual period. Raiffeisen stavební spořitelna is unable to retrospectively determine the exact impact of the accounting policy revision for each separate year in the past; nevertheless, due to the overall immateriality of the impact, we have decided to adopt a prospective presentation in the 2021 financial statements to the following effect: receivables from clients increased by CZK 92.9 million, profit for the accounting period increased by CZK 75.3 million (growth in loan interest income of CZK 89.2 million, decrease in commission expenses of CZK 3.7 million and increase in income tax liability of CZK 17.6 million).

#### 1.4.3.2 Impact of corrections of fundamental errors

No corrections were made in 2021 in respect of any fundamental errors of the past accounting periods.

Items from accounting periods other than those to which they belong in terms of taxation and accounting and changes in accounting policies are recognized as income or expenses in the income statement for the current accounting period with the exception of corrections of fundamental errors in the accounting of income and expenses of past accounting periods that are recorded under "Retained earnings or accumulated losses from previous years" in the Bank's balance sheet.

### 1.4.4 CASH AND BALANCES WITH CENTRAL BANKS

#### 1.4.4.1 Cash and balances with central banks by type of instrument

M CZK	31/12/2021	31/12/2020
Cash	0	3
Mandatory minimum reserves	508	549
<b>Total cash and balances with central banks</b>	<b>508</b>	<b>552</b>

#### 1.4.4.2 Balances with central banks – loss allowances

M CZK	31/12/2021	31/12/2020
Gross amount	508	549
Loss allowances	0	0
<b>Total balances with central banks</b>	<b>508</b>	<b>549</b>

As at 31 December, 2021 and 31 December, 2020, balances with central banks were not credit-impaired or exposed to a significant increase in credit risk. As at 31 December, 2021 and 31 December, 2020, loss allowances were calculated based on a 12-month expected credit loss.

## 1.4.5 STATE ZERO COUPON BONDS AND OTHER SECURITIES ELIGIBLE FOR REFINANCING WITH THE CENTRAL BANK

### 1.4.5.1 State zero coupon bonds and other securities eligible for refinancing with the central bank by type of instrument

M CZK	31/12/2021	31/12/2020
Government bonds	4,544	8,050
<b>Total state zero coupon bonds and other securities eligible for refinancing with the central bank</b>	<b>4,544</b>	<b>8,050</b>

### 1.4.5.2 Classification of state zero coupon bonds and other securities eligible for refinancing with the central bank by measurement categories

M CZK	31/12/2021	31/12/2020
At amortized cost	4,544	8,050
<b>Total state zero coupon bonds and other securities eligible for refinancing with the central bank</b>	<b>4,544</b>	<b>8,050</b>

All state zero coupon bonds and other securities eligible for refinancing with the central bank as at 31 December, 2021 and 31 December, 2020 were valued at amortized costs as per IFRS 9.

### 1.4.5.3 Total state zero coupon bonds and other securities eligible for refinancing with the central bank – loss allowances

M CZK	31/12/2021	31/12/2020
Gross amount	4,544	8,051
Loss allowances	0	-1
<b>Total state zero coupon bonds and other securities eligible for refinancing with the central bank</b>	<b>4,544</b>	<b>8,050</b>

As at 31 December, 2021, state zero coupon bonds and other securities eligible for refinancing with the central bank were not credit-impaired (as at 31 December, 2020, they were credit-impaired by CZK 1 million). As at 31 December, 2021 and 31 December, 2020, loss allowances were calculated based on a 12-month expected credit loss.

### 1.4.5.4 Repurchase and reverse repurchase agreements

As at 31 December, 2021, Raiffeisen stavební spořitelna acquired state zero coupon bonds and other securities at a nominal value of CZK 7,891 million (as at 31 December, 2020: CZK 7,789 million) as part of reverse repurchase agreements, which are recognized as "Collaterals and pledges received".

## 1.4.6 RECEIVABLES FROM BANKS

### 1.4.6.1 Receivables from banks by type

M CZK	31/12/2021	31/12/2020
Current accounts	13	4
Reverse repurchase agreements with the CNB	7,905	7,934
<b>Receivables from banks – gross</b>	<b>7,918</b>	<b>7,938</b>
Loss allowances for potential losses from receivables	0	0
<b>Receivables from banks – net</b>	<b>7,918</b>	<b>7,938</b>

### 1.4.6.2 Classification of receivables from banks by measurement categories

M CZK	31/12/2021	31/12/2020
Receivables from banks at amortized cost	7,918	7,938
<b>Receivables from banks – net</b>	<b>7,918</b>	<b>7,938</b>

### 1.4.6.3 Receivables from banks – loss allowances

M CZK	31/12/2021	31/12/2020
Gross amount	7,918	7,938
Loss allowances	0	0
<b>Receivables from banks – net</b>	<b>7,918</b>	<b>7,938</b>

As at 31 December, 2021 and 31 December, 2020, receivables from banks were not credit-impaired or exposed to a significant increase in credit risk. As at 31 December, 2021 and 31 December, 2020, loss allowances were calculated based on a 12-month expected credit loss.

### 1.4.6.4 Analysis of receivables from banks by type of collateral received

M CZK	31/12/2021	31/12/2020
Securities	7,739	7,772
Unsecured	179	166
<b>Receivables from banks – gross</b>	<b>7,918</b>	<b>7,938</b>

### 1.4.6.5 Loans of a special nature (subordinated)

As at the end of the reported accounting periods, Raiffeisen stavební spořitelna did not record any granted (subordinated) loans of a special nature.

## 1.4.7 RECEIVABLES FROM CLIENTS

### 1.4.7.1 Receivables from clients by type

M CZK	31/12/2021	31/12/2020
Receivables from loans	65,195	58,008
Other receivables	101	89
<b>Receivables from clients – gross</b>	<b>65,296</b>	<b>58,097</b>
Allowances for expected losses	-964	-1,052
<b>Receivables from clients – net</b>	<b>64,332</b>	<b>57,045</b>

As at 31 December, 2021, Raiffeisen stavební spořitelna recorded a total of 326 restructured receivables from natural persons and legal entities worth CZK 158 million (as at 31 December, 2020: 369 restructured receivables worth CZK 180 million).

### 1.4.7.2 Receivables from clients by measurement categories

M CZK	31/12/2021	31/12/2020
Receivables from clients at amortized cost	64,332	57,045
<b>Receivables from clients – net</b>	<b>64,332</b>	<b>57,045</b>

All receivables from clients as at 31 December, 2021 and 31 December, 2020 were valued at amortized costs as per IFRS 9.

### 1.4.7.3 Receivables from clients by degree of impairment

#### Receivables from clients by degree of impairment as at 31 December, 2021

M CZK	31/12/2021 Receivables from clients – gross	31/12/2021 Loss allowances	31/12/2021 Receivables from clients – net
Stage 1	52,214	-170	52,044
Stage 2	12,433	-330	12,103
Stage 3	649	-464	185
<b>Total</b>	<b>65,296</b>	<b>-964</b>	<b>64,332</b>

#### Receivables from clients by degree of impairment as at 31 December, 2020

M CZK	31/12/2020 Receivables from clients – gross	31/12/2020 Loss allowances	31/12/2020 Receivables from clients – net
Stage 1	51,612	-285	51,327
Stage 2	5,738	-262	5,476
Stage 3	747	-505	242
<b>Total</b>	<b>58,097</b>	<b>-1,052</b>	<b>57,045</b>

The considerable increase in the volume of Stage 2 receivables from clients has been due to reclassification of loans from Stage 1 to Stage 2. Adjustments of stage, allowances and provisions reflected the increase in loan interest rates for clients who are going to refix their loans with Raiffeisen stavební spořitelna. In 2020, individual pandemic-related moratoria were introduced to prevent clients' inability to repay in the wake of the anti-pandemic measures. The moratoria were abolished in May 2021. The amount of loss allowances for receivables from clients is described in more detail in Chapter 1.4.43.

### 1.4.7.4 Provided subordinated receivables from clients

As at the end of the reporting periods, Raiffeisen stavební spořitelna did not record any provided subordinated receivables from clients.

### 1.4.7.5 Consortium loans

As at the end of the reporting periods, Raiffeisen stavební spořitelna did not record any consortium loans.

## 1.4.8 DEBT SECURITIES

### 1.4.8.1 Debt securities by type

M CZK	31/12/2021	31/12/2020
Bonds issued by financial institutions	205	205
<b>Debt securities – net</b>	<b>205</b>	<b>205</b>

### 1.4.8.2 Debt securities by measurement categories

M CZK	31/12/2021	31/12/2020
At amortized cost	205	205
<b>Debt securities – net</b>	<b>205</b>	<b>205</b>

All debt securities as at 31 December, 2021 and 31 December, 2020 were valued at amortized costs as per IFRS 9.

### 1.4.8.3 Debt securities at amortized cost

#### Debt securities at amortized cost as at 31 December, 2021

M CZK	Stage 1	Stage 2	Stage 3	Other	Total
Gross amount	205	0	0	0	205
Loss allowances	0	0	0	0	0
<b>Debt securities – net</b>	<b>205</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>205</b>

#### Debt securities at amortized cost as at 31 December, 2020

M CZK	Stage 1	Stage 2	Stage 3	Other	Total
Gross amount	205	0	0	0	205
Loss allowances	0	0	0	0	0
<b>Debt securities – net</b>	<b>205</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>205</b>

### 1.4.8.4 Analysis of debt securities measured at amortized cost

M CZK	31/12/2021	31/12/2020
Listed on a Czech stock exchange	0	0
Listed on another securities market	205	205
<b>Issued by financial institutions</b>	<b>205</b>	<b>205</b>
<b>Debt securities – net</b>	<b>205</b>	<b>205</b>

### 1.4.8.5 Debt securities as collateral provided under repurchase agreements

As at the end of the accounting periods, Raiffeisen stavební spořitelna recorded no securities as collateral provided under repurchase agreements.

## 1.4.9 SHARES, UNITS AND OTHER PARTICIPATION INTERESTS

As at the end of the reporting periods, Raiffeisen stavební spořitelna did not record any shares, units or other participation interests.

## 1.4.10 PARTICIPATION INTERESTS WITH CONTROLLING AND SUBSTANTIAL INFLUENCE

### 1.4.10.1 Participation interests with controlling influence

#### Participation interests with controlling influence as at 31 December, 2021

M CZK	Registered office	Business activities	Registered capital	Other equity components	Share in registered capital	Share in voting rights	Book value
KONEVOVA s.r.o.	Koněvova 2747/99, Prague 3	Production, trade and services not specified in Annexes 1 to 3 of the Trade Licensing Act	50	224	100%	100%	370

#### Participation interests with controlling influence as at 31 December, 2020

M CZK	Registered office	Business activities	Registered capital	Other equity components	Share in registered capital	Share in voting rights	Book value
KONEVOVA s.r.o.	Koněvova 2747/99, Prague 3	Production, trade and services not specified in Annexes 1 to 3 of the Trade Licensing Act	50	103	100%	100%	257



The pre-paid rental amounting to CZK 113 million, which was recognized as at 31 December, 2020 under "Other assets", was accounted for and recognized by Raiffeisen stavební spořitelna as at 31 December, 2021 in accordance with the wording of the debt settlement agreement concluded with KONEVOVA, s.r.o. as an increase in its ownership interest under "Participation interests with controlling influence". The equity of KONEVOVA, s.r.o. was increased year-on-year by the same amount.

Raiffeisen stavební spořitelna is not obliged to compile a consolidated financial statement following the decision of the Czech National Bank which confirmed that KONEVOVA s.r.o. should not be included in the consolidation unit of Raiffeisen stavební spořitelna. The decision is justified by the negligible significance of KONEVOVA s.r.o. in view of the objectives of supervision over loan institutions.

#### 1.4.10.2 Participation interests with substantial influence

As at the end of the reporting periods, Raiffeisen stavební spořitelna did not record any participation interests with substantial influence.

#### 1.4.10.3 Information on controlled entities by individual Member States and non-Member States

M CZK	31/12/2021	31/12/2020
Turnover	46	46
Number of workers (full-time equivalent)	2	2
Pre-tax profit or loss	17	13
Corporate income tax	3	2
State aid received	0	0

Raiffeisen stavební spořitelna has one controlled entity, which is based in the Czech Republic. The activities performed by the controlled entity include management of own real property.

### 1.4.11 INTANGIBLE FIXED ASSETS

#### 1.4.11.1 Changes in intangible fixed assets

##### Changes in intangible fixed assets in 2021

M CZK	Status as at 31/12/2020	Additions	Disposals	Status as at 31/12/2021	Accumulated amortization	Net book value in 2021	Depreciation in 2021
Software	725	79	3	801	-572	229	-57
Other intangible assets	28	1	0	29	-26	3	-1
Intangible assets not in use	10	78	80	8	0	8	0
<b>Intangible fixed assets</b>	<b>763</b>	<b>158</b>	<b>83</b>	<b>838</b>	<b>-598</b>	<b>240</b>	<b>-58</b>

##### Changes in intangible fixed assets in 2020

M CZK	Status as at 31/12/2019	Additions	Disposals	Status as at 31/12/2020	Accumulated amortization	Net book value in 2020	Depreciation in 2020
Software	807	70	152	725	-518	207	-54
Other intangible assets	28	0	0	28	-25	3	-4
Intangible assets not in use	17	63	70	10	0	10	0
<b>Intangible fixed assets</b>	<b>852</b>	<b>133</b>	<b>222</b>	<b>763</b>	<b>-543</b>	<b>220</b>	<b>-58</b>

##### Net book value of intangible fixed assets

M CZK	31/12/2021	31/12/2020
Software	229	207
Other intangible assets	3	3
Intangible assets not in use	8	10
<b>Intangible fixed assets – net</b>	<b>240</b>	<b>220</b>

## 1.4.12 TANGIBLE FIXED ASSETS

### 1.4.12.1 Changes in tangible fixed assets

#### Changes in tangible fixed assets in 2021

M CZK	Status as at 31/12/2020	Additions	Disposals	Status as at 31/12/2021	Accumulated amortization	Net book value in 2021	Depreciation in 2021
Land and buildings for operating activities	72	24	31	65	-24	41	-35
Of that: right of use	35	22	31	26	-6	20	-33
Operating tangible assets	123	0	30	93	-80	13	-6
Non-operating tangible assets	5	0	0	5	0	5	0
Tangible assets not in use	0	2	2	0	0	0	0
<b>Tangible fixed assets</b>	<b>200</b>	<b>26</b>	<b>63</b>	<b>163</b>	<b>-104</b>	<b>59</b>	<b>-41</b>

Values under the “Right of use” item reflect both an asset decrease worth CZK 31 million and asset additions worth CZK 22 million. The decrease is due to the derecognition of leases (termination of contracts) which were modified by the accounting unit in December 2020 due to a change in lease duration. These lease contracts were with KONEVOVA s.r.o. (Koněvova office building and Hájková building) and with O2 Czech Republic a.s. (Nagano data centre). The addition reflects the new lease contract (a sublease contract with Raiffeisenbank a.s. for premises on the 8th floor of the CTW building) which the accounting unit recognized and reported as a right-of-use asset under IFRS 16.

The decrease in the “Operating tangible assets” item amounting to CZK 30 million is due to the disposal of multiple assets as a result of the Company’s restructuring and change in the Company’s registered office.

#### Changes in tangible fixed assets in 2020

M CZK	Status as at 31/12/2019	Additions	Disposals	Status as at 31/12/2020	Accumulated amortization	Net book value in 2020	Depreciation in 2020
Land and buildings for operating activities	383	0	311	72	-20	52	-28
Of that: right of use	346	0	311	35	-4	31	-27
Operating tangible assets	119	14	10	123	-104	19	-9
Non-operating tangible assets	5	0	0	5	0	5	0
Tangible assets not in use	10	4	14	0	0	0	0
<b>Tangible fixed assets</b>	<b>517</b>	<b>18</b>	<b>335</b>	<b>200</b>	<b>-124</b>	<b>76</b>	<b>-37</b>

The decrease of CZK 311 million in the “Right of use” item pertains to the recognition of revaluation (modification) of three out of the four existing lease agreements (IFRS 16). Raiffeisen stavební spořitelna provided for the expected change in the duration of the leases (shortening of the lease period) in its accounting for the lease contracts with KONEVOVA s.r.o. (Koněvova office building and Hájková building) and O2 Czech Republic a.s. (Nagano data centre). Raiffeisen stavební spořitelna recognized and reported the modification of the leases as a reduction in the book value of the right-of-use assets.

#### Net book value of tangible fixed assets

M CZK	31/12/2021	31/12/2020
Land and buildings for operating activities	41	52
Of that: right of use	20	31
Operating tangible assets	13	19
Non-operating tangible assets	5	5
Tangible assets not in use	0	0
<b>Tangible fixed assets – net</b>	<b>59</b>	<b>76</b>

As of 1 January 2019, based on the implementation of the new IFRS 16 and the abolition of the IAS 17, Raiffeisen stavební spořitelna as a lessee recognizes right-of-use assets (i.e. except where the lease term is up to 12 months or the underlying asset has a low acquisition cost) under “Tangible fixed assets” and the related lease liabilities under “Other liabilities” in the balance sheet. For details see the following chapters of the financial statement:

- 1.4.2.1.17 Financial leasing from the lessee’s perspective,
- 1.4.12.1 Changes in tangible fixed assets (right-of-use assets),

- 1.4.12.2 Tangible fixed assets acquired under leasing contracts as per IFRS 16
- 1.4.17 Other liabilities (lease liabilities),
- 1.4.32 Net interest income (interest expense on lease liabilities).

In 2021, Raiffeisen stavební spořitelna reflected in its books the new lease contracts; in the course of 2021, the accounting unit derecognized contracts that had already been modified in December 2020 due to a change in lease duration, as described in more detail in chapters 1.4.2.1.17 and 1.4.12.2.

### 1.4.12.2 Tangible fixed assets acquired under leasing contracts as per IFRS 16

Raiffeisen stavební spořitelna primarily rents the building for its headquarters. The Company changed its registered office in 2021. This major decision was associated with the execution of a new lease contract (a sublease contract with Raiffeisenbank a.s., premises on the 8th floor of the CTW building) for the period of four years. The original lease contract with KONEVOVA s.r.o. was terminated as at 31 December, 2021 by an agreement on the termination of the Agreement on the Lease of Non-Residential Premises, Parking Stalls, and Flats.

Lease contracts that were modified by the accounting unit in December 2020 due to a change of the lease term (shortening of the lease term) for lease contracts with KONEVOVA, s.r.o. (Koněvova office building and Hájkova building) and O2 Czech Republic a.s. (Nagano data centre) were derecognized during 2021.

Some leases include additional rental payments related to the development of the inflation rate in the coming years. The inflation clause has not yet been applied to any of the lease contracts.

In December 2020, Raiffeisen stavební spořitelna recognized and reported a revaluation (modification) of three of the four existing lease contracts. Based on the agreement with the lessors of the individual non-residential premises, the above-mentioned lease contracts were terminated as of 31/12/2021.

Raiffeisen stavební spořitelna provided for the expected change in the duration of the leases (shortening of the lease period) in its accounting for the lease contracts with KONEVOVA s.r.o. (Koněvova office building and Hájkova building) and O2 Czech Republic a.s. (Nagano data centre).

Raiffeisen stavební spořitelna recognized and reported the modification of leases as a revaluation of liabilities (reduction of lease liabilities) and a reduction in the book value of the right-of-use assets.

Gains and losses arising from the lease modifications were recognized and reported in the income statement under "Other operating income".

Pre-paid rental, which was included in the value of the right-of-use assets by the accounting unit as at 1 January, 2019 (the primary recording of the lease in Raiffeisen stavební spořitelna's books), was derecognized as at 31 December, 2020 and reported in the amount of CZK 113 million under "Other assets".

As at 1 January, 2021, Raiffeisen stavební spořitelna did not report any change (modification) to the existing lease contracts. As at the same date, there were no changes in the lease payments or in the scope of the leases. The primarily applied incremental interest rate used to revalue lease liabilities and the individually determined depreciation periods of the right-of-use assets, while reflecting the modification of December 2020, were retained by the accounting unit.

In the course of 2021 (starting from 1 May, 2021), Raiffeisen stavební spořitelna measured and reported the right-of-use asset pertaining to the newly concluded lease contract (a sublease contract with Raiffeisenbank a.s. for premises on the 8th floor of the CTW building), equal to the lease liability. When the new lease contract became valid, the accounting unit applied an incremental interest rate of 2.1%. The lease denominated the (quarterly) rental in EUR. Raiffeisen stavební spořitelna as a sublessee revalues the liability from the above contract to CZK as at the last day of each month and as at the date of the financial statement.

The accounting unit modified this new lease as at 1 November, 2021 due to a change in its scope (larger lease area) and an increase in the rent.

Lease contracts that were modified by the accounting unit in December 2020 due to a change of the lease term (shortening of the lease term) for lease contracts with KONEVOVA, s.r.o. (Koněvova office building and Hájkova building) and O2 Czech Republic a.s. (Nagano data centre) were derecognized during 2021. The individual lease contracts were derecognized during 2021 in accordance with the wording of agreements to terminate the lease contracts.

The pre-paid rental amounting to CZK 113 million, which was recognized as at 31 December, 2020 under "Other assets", was accounted for and recognized by Raiffeisen stavební spořitelna as at 31 December, 2021 in accordance with the wording of the debt settlement agreement concluded with KONEVOVA, s.r.o. as an increase in its ownership interest under "Participation interests with controlling influence".

**1.4.13 OTHER ASSETS**

M CZK	31/12/2021	31/12/2020
Estimated receivables – government premiums	769	756
Estimated receivables	23	3
Clearing accounts for the state budget	2	56
Operating advances paid	1	1
Sundry debtors	3	117
Loss allowances for receivables	-3	-5
Other	0	2
<b>Total other assets</b>	<b>795</b>	<b>930</b>

“Estimated receivables – government premiums” include an estimate of government contributions to building savings to be received by Raiffeisen stavební spořitelna in the following year. At the same time, this estimate is entered under “Payables to clients – cooperative savings associations’ members”.

The item “Clearing accounts for the state budget” as at 31 December, 2020 includes an overpayment for corporate income tax of CZK 55 million, which is comprised of pre-payments of CZK 118 million less tax payable in the net value of CZK 63 million, and receivables from the Ministry of Finance of the Czech Republic arising from payable state support amounting to CZK 1 million.

The decrease in item “Sundry debtors” is mainly due to derecognition of pre-paid rental for the administrative building (rental from KONEVOVA s.r.o.) in the amount of CZK 113 million. The pre-paid rental (its amount) corresponded to the period after the termination of the lease agreement, i.e. after 31 December, 2021. As at 31 December, 2021, Raiffeisen stavební spořitelna recognized and reported the pre-paid rental in accordance with the wording of the debt settlement agreement concluded with KONEVOVA, s.r.o. as an increase in its ownership interest under “Participation interests with controlling influence”.

**1.4.14 PAYABLES TO BANKS AND COOPERATIVE SAVINGS ASSOCIATIONS**

M CZK	31/12/2021	31/12/2020
Received term deposits	2,002	0
<b>Total payables to banks and cooperative savings associations</b>	<b>2,002</b>	<b>0</b>

**1.4.15 PAYABLES TO CLIENTS****1.4.15.1 Payables to clients by type**

M CZK	31/12/2021	31/12/2020
<b>Building savings deposits by natural persons</b>	<b>68,611</b>	<b>67,756</b>
Of that: savings accounts on demand	8,369	9,100
building savings deposits with fixed maturity	32,815	33,204
building savings notice deposits	27,427	25,452
<b>Building savings deposits by legal entities</b>	<b>671</b>	<b>547</b>
Of that: savings accounts on demand	39	43
building savings deposits with fixed maturity	261	145
building savings notice deposits	371	359
<b>Other</b>	<b>949</b>	<b>879</b>
<b>Total payables to clients</b>	<b>70,231</b>	<b>69,182</b>

As at 31 December, 2021, “Other” included, in particular, uncredited state support for building savings clients worth CZK 770 million (as at 31 December, 2020: CZK 757 million). The item “Other” also includes estimated payables created in association with interest bonuses.

### 1.4.15.2 Payables to clients by sector – residents

M CZK	31/12/2021	31/12/2020
Non-financial institutions	547	428
Government institutions	124	119
Households	68,611	67,756
Other	949	879
<b>Total payables to clients</b>	<b>70,231</b>	<b>69,182</b>

According to the methodology of the Czech National Bank, building savings deposits with a running saving period are recognized as deposits with fixed maturity until the expiry of the mandatory saving period stipulated by the Building Savings Act. Deposits with a notice period are deposits made during the extension of the building savings contract after the expiry of the mandatory saving period, and deposits payable on demand are non-term deposits and deposits made after the granting of a building savings loan.

### 1.4.16 PAYABLES FROM DEBT SECURITIES

As at the end of the reported accounting periods, Raiffeisen stavební spořitelna recorded no payables from debt securities.

### 1.4.17 OTHER LIABILITIES

M CZK	31/12/2021	31/12/2020
Estimated payables	75	81
Clearing accounts for the Czech National Bank	178	179
Clearing accounts for employees	0	14
Clearing accounts for the social security authorities	0	7
Clearing accounts for the state budget	156	108
Sundry creditors	144	83
Of that: lease liabilities	20	21
Operating advances received	3	0
Deferred tax liability	15	9
<b>Total other liabilities</b>	<b>571</b>	<b>481</b>

Any liabilities under “Clearing accounts for the social security authorities” and “Clearing accounts for the state budget” were paid on or before the dates due. Raiffeisen stavební spořitelna records no past due liabilities under these items.

“Clearing accounts for the state budget” include mainly settlement of the withholding income tax on interest in the amount of CZK 102 million (in 2020: CZK 103 million) and settlement of the corporate income tax in the amount of CZK 52 million (in 2020: CZK 0 million).

“Sundry creditors” include lease liabilities and also mainly liabilities arising from commissions to financial advisors and other liabilities to suppliers to be paid in the following accounting period.

The lease liabilities of CZK 20 million as at 31 December, 2021 (2020: CZK 21 million) represent lease liabilities under IFRS 16. The remaining maturity of these liabilities as at 31 December, 2021 is: CZK 3 million up to 3 months, CZK 5 million 3–12 months, CZK 12 million 1–5 years and CZK 0 million more than 5 years (as at 31 December, 2020: CZK 5 million up to 3 months, CZK 14 million 3–12 months, CZK 2 million 1–5 years and CZK 0 million more than 5 years).

In 2021, Raiffeisen stavební spořitelna reflected the new lease contracts (a new liability) in its books; in the course of 2021, the accounting unit derecognized contracts that had been modified in December 2020 due to a change in lease duration.

### 1.4.18 PROVISIONS

#### 1.4.18.1 Provisions for taxes

As at the end of the reported accounting periods, Raiffeisen stavební spořitelna recorded no provisions for taxes.

### 1.4.18.2 Other provisions

#### Creation and use of provisions in 2021

M CZK	Status as at 31/12/2020	Created	Used	Released	Status as at 31/12/2021
Provisions for litigations	29	0	-10	-13	6
Provisions for loan commitments	15	36	0	-13	38
Provisions on the restructuring	5	0	-4	-1	0
Other provisions	9	51	-41	-3	16
<b>Total</b>	<b>58</b>	<b>87</b>	<b>-55</b>	<b>-30</b>	<b>60</b>

#### Creation and use of provisions in 2020

M CZK	Status as at 31/12/2019	Created	Used	Released	Status as at 31/12/2020
Provisions for litigations	10	25	-6	0	29
Provisions for loan commitments	8	14	0	-7	15
Provisions on the restructuring	0	5	0	0	5
Other provisions	7	40	-37	-1	9
<b>Total</b>	<b>25</b>	<b>84</b>	<b>-43</b>	<b>-8</b>	<b>58</b>

Since 2016, "Other provisions" have included provisions for contributions to the Financial Market Guarantee System. Out of a provision of CZK 38 million created in 2021, CZK 38 million was used in the same year. Out of a provision of CZK 35 million created in 2020, CZK 35 million was used in the same year.

### 1.4.19 SUBORDINATED LIABILITIES

M CZK	31/12/2021	31/12/2020
Subordinate loans	602	302
<b>Subordinated liabilities</b>	<b>602</b>	<b>302</b>

Raiffeisen stavební spořitelna recognized two subordinate loans as at 31 December, 2021 and one subordinate loan as at 31 December, 2020. The remaining maturity of both loans as at 31 December, 2021 was: CZK 2 million 3–12 months, CZK 600 million more than 5 years (as at 31 December, 2020: CZK 2 million 3–12 months, CZK 300 million more than 5 years).

The parameters of the two loans are as follows:

- The first of the loans was drawn on 8 November, 2019; its nominal value is CZK 300 million; it is repayable on 8 November, 2029; the interest rate of 5% p. a. applies until repayment; the interest is paid once a year; there is no option of premature repayment.
- The second subordinate loan was drawn on 27 December, 2021; its nominal value is CZK 300 million; it is repayable on 29 December, 2031; the interest rate of 4.99% p. a. applies for 5 years, i.e. until 27 December, 2026; the interest is paid once a year; there is a put option of early repayment after 5 years.

Both subordinate loans comply with the purpose below: The loan must be used by the debtor as a subordinate loan constituting a capital instrument in accordance with Article 62(a) of (EU) Regulation No. 575/2013, on prudential requirements for credit institutions and investment firms, amending (EU) Regulation No. 648/2012, as amended ("CRR"), so that the debtor can meet the relevant capital requirements in accordance with the CRR.

Both subordinate loans meet the required prerequisites to be recognized as Tier 2 capital, and therefore have been accepted by the CNB as such.

### 1.4.20 REGISTERED CAPITAL

#### Composition of Raiffeisen stavební spořitelna shareholders as at 31 December, 2021

Title	Registered office	Relationship to the Bank	Number of shares (units)	Share in registered capital (in %)	Type of share	Nominal share value
Raiffeisenbank a.s.	Czech Republic	Controlling company	6,500	100%	Ordinary	CZK 100,000
<b>Total</b>			<b>6,500</b>	<b>100%</b>	<b>Ordinary</b>	<b>CZK 100,000</b>

#### Composition of Raiffeisen stavební spořitelna shareholders as at 31 December, 2020

Title	Registered office	Relationship to the Bank	Number of shares (units)	Share in registered capital (in %)	Type of share	Nominal share value
Raiffeisenbank a.s.	Czech Republic	Controlling company	6,500	100%	Ordinary	CZK 100,000
<b>Total</b>			<b>6,500</b>	<b>100%</b>	<b>Ordinary</b>	<b>CZK 100,000</b>

The share in the registered capital is equal to the share in voting rights.

As at the end of the reporting periods, Raiffeisen stavební spořitelna recorded no bonuses tied to equity.

Raiffeisen stavební spořitelna issued no shares in the reported periods.

### 1.4.21 GAINS (LOSSES) FROM REVALUATION

Raiffeisen stavební spořitelna did not report any gains (losses) from revaluation of assets and liabilities as at 31 December, 2021 or 31 December, 2020.

### 1.4.22 USE OF PROFIT OR SETTLEMENT OF LOSS FROM PREVIOUS ACCOUNTING PERIODS

M CZK	Retained earnings	Accumulated losses from previous years	Reserve fund	Voluntary reserve fund	Other funds from profit
Balance as at 31 December, 2020	0	0	130	4,224	8
Profit/loss in 2020	217	0	0	0	0
Allocations to funds from profit	0	0	0	0	0
Other use of funds from profit	0	0	0	0	0
Other use of earnings	0	0	0	0	0
Share in profit	-217	0	0	-33	0
Royalties	0	0	0	0	0
<b>Balance as at 31 December, 2021</b>	<b>0</b>	<b>0</b>	<b>130</b>	<b>4,191</b>	<b>8</b>



### 1.4.23 PROPOSAL FOR USE OF PROFIT OR SETTLEMENT OF LOSS FROM THE CURRENT ACCOUNTING PERIOD

M CZK	Retained earnings	Accumulated losses from previous years	Reserve fund	Voluntary reserve fund	Other funds from profit
Balance as at 31 December, 2021	0	0	130	4,191	8
Profit/loss in 2021	443	0	0	0	0
Allocations to funds from profit	-443	0	0	443	0
Other use of funds from profit	0	0	0	0	0
Other use of earnings	0	0	0	0	0
Share in profit	0	0	0	0	0
Royalties	0	0	0	0	0
	0	0	130	4,634	8

### 1.4.24 COMMITMENTS AND GUARANTEES ISSUED, RECEIVABLES WRITTEN-OFF

“Commitments and guarantees issued” include as-yet unused credit lines for bridge loans and building savings loans.

“Receivables written-off” record written-off financial receivables and receivables from customer-supplier relationships which are still being legally enforced.

### 1.4.25 RECEIVABLES AND PAYABLES FROM FIXED-TERM TRANSACTIONS AND OPTION TRANSACTIONS

As at the end of the reporting periods, Raiffeisen stavební spořitelna recorded no receivables and payables from fixed-term transactions and option transactions.

### 1.4.26 VALUES PLACED INTO CUSTODY, ADMINISTRATION AND DEPOSIT

As at the end of the reporting periods, Raiffeisen stavební spořitelna recorded no values placed into custody, administration and deposit.

### 1.4.27 VALUES PLACED UNDER MANAGEMENT

As at the end of the reporting periods, Raiffeisen stavební spořitelna recorded no values placed under management.

### 1.4.28 COMMITMENTS AND GUARANTEES RECEIVED

“Commitments and guarantees received” include guarantees received in respect of bridge loans, building savings loans and commercial loans.

### 1.4.29 COLLATERALS AND PLEDGES RECEIVED

M CZK	31/12/2021	31/12/2020
Real property pledges	40,879	33,434
Cash collaterals	5,500	5,443
Collaterals – securities	7,891	7,789
<b>Collaterals and pledges received</b>	<b>54,270</b>	<b>46,666</b>

“Collaterals and pledges received” include immovable and financial collaterals received in respect of bridge loans, building savings loans and commercial loans and state zero coupon bonds and other securities acquired through reverse repurchase agreements.

### 1.4.30 VALUES TAKEN INTO CUSTODY, ADMINISTRATION AND DEPOSIT

Raiffeisen stavební spořitelna accepts into custody only blank bills of exchange in connection with loans granted to legal entities.

### 1.4.31 VALUES TAKEN UNDER MANAGEMENT

As at the end of the reporting periods, Raiffeisen stavební spořitelna recorded no values taken under management.

### 1.4.32 NET INTEREST INCOME

M CZK	2021	2020
Interest income from loans granted	1,642	1,607
Interest income from interbank transactions	62	42
Interest income from securities	129	185
<b>Interest income and similar income</b>	<b>1,833</b>	<b>1,834</b>
Interest expense – banks	-2	0
Interest expense on client deposits	-875	-867
Interest expense on lease liabilities	-1	-5
Interest expense on subordinate loan received	-15	-15
<b>Interest expense and similar expense</b>	<b>-893</b>	<b>-887</b>
<b>Net interest income</b>	<b>940</b>	<b>947</b>

Raiffeisen stavební spořitelna does not claim interest on late payments in defaulted loans prior to repayment. As at 31 December, 2021, the value of unclaimed interest was CZK 95 million (in 2020: CZK 106 million). All interest income is calculated at the effective interest rate and only relates to financial assets and liabilities at amortized cost.

In 2021, the item “Interest income from loans granted” was adjusted by CZK 89 million in connection with the revision of the effective interest rate accounting policy described in Chapter 1.4.3.1.

### 1.4.33 FEE AND COMMISSION INCOME AND EXPENSE

M CZK	2021	2020
Fee income from building savings	226	215
Fee income from loans	49	54
Other income	72	67
<b>Fee and commission income</b>	<b>347</b>	<b>336</b>
Fee expense	-14	-2
Commission expense	-128	-96
Other expense	-1	-1
<b>Fee and commission expense</b>	<b>-143</b>	<b>-99</b>
<b>Gain or loss from fees and commissions</b>	<b>204</b>	<b>237</b>

In 2021, item “Commission expense” was adjusted by CZK 4 million in connection with the revision of the effective interest rate accounting policy described in Chapter 1.4.3.1.

### 1.4.34 GAIN OR LOSS FROM FINANCIAL OPERATIONS

M CZK	2021	2020
Exchange rate gain or loss	0	-1
Gain or loss from the sale of securities	0	0
<b>Gain or loss from financial operations</b>	<b>0</b>	<b>-1</b>

**1.4.35 OTHER OPERATING INCOME AND EXPENSES**

M CZK	2021	2020
Gains from the transfer of assets	1	0
Other	4	24
<b>Other operating income</b>	<b>5</b>	<b>24</b>
Contributions to the Financial Market Guarantee System	-38	-36
Other	-11	-6
<b>Other operating expenses</b>	<b>-49</b>	<b>-42</b>
<b>Gain or loss from other operating income or expenses</b>	<b>-44</b>	<b>-18</b>

The item "Other" in the section "Other operating income" as at 31 December, 2020 contains, in particular, a litigation reimbursement in the amount of CZK 15 million and profit from leasing modification (rights-of-use assets) of CZK 5 million.

**1.4.36 ADMINISTRATIVE EXPENSES****1.4.36.1 Employee expenses**

M CZK	2021	2020
Salaries and remuneration paid to Members of the Board of Directors	-23	-29
Remuneration paid to Members of the Supervisory Board	-1	-1
Salaries and remuneration paid to other executives	-27	-30
Salaries and remuneration paid to other employees	-110	-155
Social security and health insurance	-47	-67
Other employee expenses	-8	-12
<b>Employee expenses</b>	<b>-216</b>	<b>-294</b>

As at 31 December, 2021 or as at 31 December, 2020, the Bank did not report any pension liabilities incurred or contracted by former members of the management and supervisory bodies.

As at the end of the reporting periods, Raiffeisen stavební spořitelna did not record any bonuses tied to equity.

**Average number of employees and members of the Board of Directors and the Supervisory Board**

	2021	2020
Employees	161	265
Board of Directors	3	3
Supervisory Board	4	4
Other managers	13	16

**1.4.36.2 Other administrative expenses**

M CZK	2021	2020
Information technology	-37	-36
Rent and associated expenses	-10	-10
Advertising and marketing	-62	-62
Audit, legal and tax advisory	-3	-4
Of which: Statutory audit of the financial statement	-2	-2
Other jobs performed by auditors	-1	-1
Other	-195	-65
<b>Other administrative expenses</b>	<b>-307</b>	<b>-177</b>

The statutory audit of the 2021 financial statement was performed by Deloitte Audit s.r.o. and the total cost of this statutory audit was CZK 1.3 million excluding VAT. In 2021, Raiffeisen stavební spořitelna also used Deloitte and KPMG for tax and other advisory services. Expenses for the approved non-audit services provided by Deloitte in 2021 amounted to CZK 110,000 excluding VAT.

The high year-on-year increase in the "Other" item is due to outsourced personnel costs.

In 2021, KONEVOVA s.r.o., a subsidiary of Raiffeisen stavební spořitelna, paid KPMG a total of CZK 0.2 million excluding VAT, including CZK 0.1 million excluding VAT for the audit of the financial statement (in 2020: CZK 0.3 million excluding VAT, including CZK 0.1 million for the audit of the financial statement).

#### 1.4.37 RELEASE OF LOSS ALLOWANCES AND PROVISIONS FOR RECEIVABLES AND GUARANTEES, INCOME FROM WRITTEN-OFF RECEIVABLES

M CZK	2021	2020
Release of unneeded loss allowances for receivables from clients	459	233
Release of unneeded provisions for losses from loans and guarantees	13	6
Income from receivables written off	28	25
<b>Total</b>	<b>500</b>	<b>264</b>

Release of loss allowances in 2021 was due to the abolishment of individual moratoria that had been introduced because of the pandemic.

#### 1.4.38 WRITE-OFFS, CREATION AND USE OF LOSS ALLOWANCES AND PROVISIONS FOR RECEIVABLES AND GUARANTEES

M CZK	2021	2020
Write-off of receivables	-46	-200
Creation of loss allowances for receivables from clients	-413	-534
Creation of loss allowances for other receivables	-2	-2
Creation of provisions for losses from loans and guarantees	-36	-14
Use of loss allowances for receivables from clients	45	218
Use of loss allowances for other receivables	2	0
Loss from transfer of receivables	0	-18
Loss from modification of financial assets at amortized cost	0	-17
<b>Total</b>	<b>-450</b>	<b>-567</b>

#### 1.4.39 INCOME TAX AND DEFERRED TAX LIABILITY/ASSET

##### 1.4.39.1 Income tax

M CZK	2021	2020
Tax payable for the current accounting period	-105	-63
Deferred tax	-6	5
<b>Total</b>	<b>-111</b>	<b>-58</b>

##### 1.4.39.2 Tax payable for the current accounting period

M CZK	2021	2020
Pre-tax profit or loss for current year	555	275
Non-taxable income	-124	-103
Non-tax-deductible expenses	122	161
<b>Total</b>	<b>553</b>	<b>333</b>
<b>Tax calculated using a 19% rate (2020: 19%)</b>	<b>-105</b>	<b>-63</b>

**1.4.39.3 Deferred tax liability/asset**

M CZK	2021	2020
Other	7	11
<b>Deferred tax assets</b>	<b>7</b>	<b>11</b>
Asset book and tax value difference	-22	-20
<b>Deferred tax liabilities</b>	<b>-22</b>	<b>-20</b>
<b>Deferred tax liability or asset</b>	<b>-15</b>	<b>-9</b>
Tax rate	19%	19%
Deferred tax recognized through profit and loss	-15	-9
Deferred tax recognized through equity	0	0

**1.4.40 INCOME AND EXPENSES BY GEOGRAPHICAL MARKETS**

With the exception of CZK 8 million worth of interest income from securities (2020: CZK 11 million), all income and expenses listed above are realized in the Czech Republic.

**1.4.41 TRANSACTIONS WITH, RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES****1.4.41.1 Transactions with related parties – income and expenses**

M CZK	2021	2020
Interest income	0	2
Interest expense	-18	-21
Income from shares and participation interests	5	5
Fee and commission income	14	13
Fee and commission expense	-1	-1
Administrative expenses	-108	-13
Other operating income	1	1

The significant increase in “Administrative expenses” was due to the outsourcing of a large number of activities to Raiffeisenbank a.s. These activities include especially risk management, back office, marketing, HR management, internal audit, facility management, compliance and BCM.

**1.4.41.2 Transactions with related parties – receivables and payables**

M CZK	31/12/2021	31/12/2020
Receivables from banks	14	4
Debt securities	0	0
Other assets	1	114
Payables to banks	2,002	0
Other liabilities	48	21
Subordinated liabilities	602	302
Accrued expenses and deferred income	1	1

The Item “Payables to banks” includes a term deposit received from Raiffeisenbank a.s.

“Other liabilities” include, among other things, liabilities of CZK 20 million arising from leased assets (in 2020: CZK 18 million). The remaining maturity of these liabilities as at 31 December, 2021 is: CZK 3 million up to 3 months, CZK 5 million 3–12 months and CZK 12 million more than 1 year (2020: CZK 4 million up to 3 months, CZK 14 million 3–12 months and CZK 0 million more than 1 year). Raiffeisen stavební spořitelna provided for the expected change in the duration of leases (shortening of the lease period) in its accounting in 2020, which resulted in a decrease in “Other liabilities” (lease liabilities) and an increase in “Other assets” (receivables from pre-paid rentals with KONEVOVA s.r.o.).

### 1.4.41.3 Receivables from companies in which the Bank has controlling or substantial influence and income and expenses from transactions with participation interests with controlling influence

Raiffeisen stavební spořitelna was a tenant (until 31 December, 2021) in an administrative building owned by KONEVOVA s.r.o. Receivables as at 31 December, 2018 included pre-paid rentals for the KONEVOVA administrative building. The receivable was derecognized as at 1 January, 2019 in connection with the transition to IFRS 16. Raiffeisen stavební spořitelna provided for the expected change in the duration of leases (shortening of the lease period) in its accounting in 2020, which resulted in a decrease in "Other liabilities" (lease liabilities) and an increase of CZK 113 million in "Pre-paid expenses and accrued revenues" (receivables from pre-paid rent with KONEVOVA s.r.o.). Further, as at 31 December, 2021, Raiffeisen stavební spořitelna recognized and reported the above pre-paid rental amounting to CZK 113 million in accordance with the wording of the debt settlement agreement concluded with KONEVOVA, s.r.o. as an increase in its ownership interest under "Participation interests with controlling influence". More detailed information on IFRS 16 is provided in Chapters 1.4.12.1 and 1.4.12.2.

#### Receivables from companies in which the Bank has controlling influence

M CZK	KONEVOVA s.r.o. (controlling influence)
<b>As at 31/12/2019</b>	<b>0</b>
As at 1/1/2020	0
Additions	113
Disposals	0
<b>As at 31/12/2020</b>	<b>113</b>
As at 1/1/2021	113
Additions	0
Disposals	-113
<b>As at 31/12/2021</b>	<b>0</b>

#### Income and expenses from transactions with participation interests with controlling influence

M CZK	2021	2020
Income from dividends	5	5
Other operating income	1	1
Interest expense on lease liabilities	0	-5
Other administrative expenses	-11	-11

### 1.4.41.4 Receivables from individuals with a special relationship to the Bank

The building savings products listed below concluded with individuals with a special relationship to the Bank were granted under normal commercial conditions applicable to regular clients of Raiffeisen stavební spořitelna.

M CZK	Administration bodies	Management bodies	Supervisory bodies	Other	Total
As at 31/12/2021	0	0	0	1	1
As at 31/12/2020	0	0	0	0	0

Raiffeisen stavební spořitelna did not provide the members of the management and supervisory bodies with any advance payment, earnest money or loan in the reported periods.

#### Terms of loans granted to the members of the management and supervisory bodies

M CZK	Amount	Interest rate	Form of collateral	Amount repaid	Amount waived	Amount written off
As at 31/12/2021	0	-	-	0	0	0
As at 31/12/2020	0	-	-	0	0	0

Raiffeisen stavební spořitelna provides loans to individuals with a special relationship to the Bank under normal market conditions.

### 1.4.41.5 Payables to companies in which the Bank has controlling or substantial influence

As at 31 December, 2021, Raiffeisen stavební spořitelna did not record any payables to the company in which it had controlling influence. As at 31 December, 2020, Raiffeisen stavební spořitelna recorded payables of CZK 18 million arising from lease liabilities towards a company in which it had controlling influence. In the course of 2021, the above liability was derecognized due to a change in the duration of lease contracts, which had already been modified in December 2020. Lease contracts with the company in which

Raiffeisen stavební spořitelna has a controlling influence were terminated as at 31 December, 2021 through termination agreements; namely an agreement on the termination of the Agreement on the Lease of Non-Residential Premises, Parking Stalls, and Flats (Koněvova office building) and an agreement on the termination of the Contract for the Lease of Business Premises (Hájkova building).

#### 1.4.41.6 Payables to individuals with a special relationship to the Bank

M CZK	Administration bodies	Management bodies	Supervisory bodies	Other	Total
As at 31/12/2021	0	0	0	0	0
As at 31/12/2020	0	0	0	1	1

All payables to persons with a special relationship to the Bank arise from building savings products concluded by such persons with Raiffeisen stavební spořitelna.

#### 1.4.41.7 Guarantees issued to persons with a special relationship to the Bank

Raiffeisen stavební spořitelna granted no guarantees to individuals with a special relationship to the Bank.

#### 1.4.41.8 Guarantees issued to companies in which the Bank has controlling or substantial influence

Raiffeisen stavební spořitelna issued no guarantees to companies in which it had controlling or substantial influence in the reported periods.

#### 1.4.41.9 Guarantees received from companies in which the Bank has controlling or substantial influence

Raiffeisen stavební spořitelna received no guarantees from companies in which it had controlling or substantial influence in the reporting periods.

### 1.4.42 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As at 31 December, 2021, and 31 December, 2020, Raiffeisen stavební spořitelna classified all financial assets and financial liabilities at amortized cost.

### 1.4.43 RISK MANAGEMENT

#### 1.4.43.1 Introduction

The risk management strategy is in line with other strategies of Raiffeisen stavební spořitelna. The risk management strategy responds to these strategies in a timely manner to identify risks arising from new business activities, operations and processes to keep these risks at an acceptable level. The strategic risk management documents cover the credit risk management strategy, the market risk management strategy, the liquidity management strategy and the operational risk management strategy.

The risk that Raiffeisen stavební spořitelna is willing to undertake in pursuing its business and enforcing its goals and plans is quantified through risk appetite. The risk appetite of Raiffeisen stavební spořitelna is reflected in a system of limits. The acceptable level of credit risk is reflected in the setting of criteria and conditions for the provision of credit products and the execution of transactions, as well as in the credit processes, the credit risk system and limits, while taking into account other risks.

##### 1.4.43.1.1 Risk management system

At Raiffeisen stavební spořitelna, a member of the Board of Directors acts as the Chief Risk Officer (CRO) to the effect of the Raiffeisen group's banking corporate governance, management control system and regulations. The CRO is the guarantor of supervision over outsourcing of job functions pertaining to Raiffeisen stavební spořitelna's risk management.

The Board of Directors has set up advisory, working and executive bodies to collectively assess, discuss, make decisions on and approve key expert issues related to Raiffeisen stavební spořitelna management and activities. The advisory body for the Board of Directors is the Outsourcing Management Committee (OMCO).



The executive bodies of the Board of Directors are the:

- Asset Liability Management Committee (ALCO);
- Credit Risk Committee (CRCO)
- Operational Risk Management & Controls Committee (ORMCC).

Risk management principles and methods are used to:

- Identify and analyze the risks that Raiffeisen stavební spořitelna is exposed to;
- Set appropriate limits and controls;
- Monitor risks and comply with the appropriate limits.

Risk management principles and methods are regularly reviewed to reflect changes in market conditions and activities pursued by Raiffeisen stavební spořitelna. The goal of Raiffeisen stavební spořitelna is to create a control environment in which all employees understand their roles and responsibilities, with the help of training and management and setting of standards and methodologies.

The Chief Executive Officer of Raiffeisen stavební spořitelna is the guarantor of supervision over outsourcing of job functions pertaining to Raiffeisenbank internal audits. The Audit Committee of Raiffeisen stavební spořitelna assesses the efficiency of risk management systems. The internal audit department performs both regular and ad hoc audits of risk management controls and procedures, and the results are then presented to the Audit Committee and the Board of Directors.

### 1.4.43.2 Credit risk

Credit risk is the risk of loss arising from the failure of the counterparty (debtor) to meet its obligations under the terms of the contract based on which the Bank became the creditor, causing loss to the holder of the receivable (creditor). These liabilities arise from lending activities, trading and investment activities, payment transactions and settlement of securities in trading on own account or someone else's behalf (i.e. when acting as an agent on behalf of clients).

#### 1.4.43.2.1 Settlement risk in trading on financial markets

The following transactions are subject to settlement risk:

- Deposit operations on the interbank market in CZK;
- Bond trading on Raiffeisen stavební spořitelna's own account:
  - Trading in bonds issued by the Czech Republic, guaranteed by the Czech Republic or issued by the Czech National Bank on Raiffeisen stavební spořitelna's own account;
  - Trading in mortgage bonds and similar products issued by the member states of the Organization for Economic Cooperation and Development;
  - Trading in other bonds pursuant to S. 9(1)(f) of the Building Savings Act.

Raiffeisen stavební spořitelna reduces this risk for certain types of transactions by the use of settlement/clearing agents. This ensures that the transaction is settled only when both parties fulfil their contractual obligations. Settlement limits form part of the credit approval process and subsequent credit risk monitoring and evaluation.

#### 1.4.43.2.2 Credit risk management

The Board of Directors of Raiffeisen stavební spořitelna has established a Credit Risk Management Committee as an executive body for credit risk management and supervision.

Credit risk management is governed by the following rules and principles:

- Credit risk management is fully in line with regulatory requirements, parent company regulations, BCBS standards and EBA guidelines;
- Credit risk management is fully in line with the risk appetite of Raiffeisen stavební spořitelna, so it is carried out in compliance with the regulatory, RBI and internal credit risk limits.

In managing credit risk, Raiffeisen stavební spořitelna uses in particular the following methods:

- Analysis of the contracting party's creditworthiness and credibility, and/or investment plan;
- Scoring (natural persons), rating (legal entities);
- Use of collateral;
- Purpose checking;
- Cross-checks of the internal blacklist and publicly available registers;
- Mathematical and statistical models;
- Setting of limits;
- Quality analysis of the credit portfolio including time series;

- Monitoring of:
  - Credit risk exposure;
  - The contracting party's financial and economic standing;
  - Compliance with the terms of the contract;
  - Collateral value;
  - The contracting party's current situation/problems;
  - Adequacy of loss allowances and provisions;
- Forecasts of future development of important risk management indicators and individual limits;
- Periodic review of product input parameters;
- Regular review of processes and procedures based on the results of analyses.

**Credit risk measurement** – credit risk at Raiffeisen stavební spořitelna is measured through:

- Assessment of loan portfolio quality;
- Evaluation of the success rate of the loan process;
- Evaluation of the effectiveness of recovery processes;
- Verification of adequate loss allowance creation;
- Stress testing.

Generally, Raiffeisen stavební spořitelna requires that certain creditors provide collateral when taking a loan. Raiffeisen stavební spořitelna considers the following types of collateral as eligible:

**Funded credit protection** (reduction of credit risk associated with exposure results from Raiffeisen stavební spořitelna's right to satisfy its receivable in the event of the debtor's default from the proceeds of collateral realization or by collateral appropriation):

- Financial collateral:
  - Pledged receivable – credit balance on own building savings contract;
  - Pledged receivable – credit balance on a third party's building savings contract;
- Real property;
- Other non-financial collateral – cash collateral with another bank, i.e. a lien on a receivable held by another bank.

**Unfunded credit protection** (a reduction in credit risk associated with exposure arises from a third party's obligation to pay Raiffeisen stavební spořitelna a certain amount in the event of the debtor's default):

- Guarantees/surety.

Determination of the net realizable value of collateralized real property ensues from the real-property price estimate based on market principles and/or from internal evaluations prepared by the Credit Risk Management Department. The net realizable value of the collateral is then determined from such value by applying a correction coefficient which reflects the ability of Raiffeisen stavební spořitelna to realize the collateral if needed. Raiffeisen stavební spořitelna conducts regular revaluation of collaterals and correction coefficients.

#### 1.4.43.2.2.1 Types of collateral and conditions of eligibility for calculation of capital adequacy

**Financial collateral** – financial collateral in Raiffeisen stavební spořitelna includes, in particular, cash or cash instruments (hereinafter referred to as "cash collateral") representing the liability of Raiffeisen stavební spořitelna, namely:

- Pledged receivable where the pledged asset is the credit balance on own building savings contract with Raiffeisen stavební spořitelna;
- Pledged receivable where the pledged asset is the credit balance on a third person's building savings contract with Raiffeisen stavební spořitelna.

Cash collateral can be considered eligible if the following conditions are met:

- There is no material positive correlation between the creditworthiness of the creditor and the value of the cash collateral;
- All contractual and regulatory requirements regarding the recoverability of liabilities arising from cash collateral contracts in the respective jurisdiction are met;
- Contracts relating to the cash collateral are duly documented and contain a clear and thorough procedure for timely settlement of the claim;
- The cash collateral or part thereof is not transferred to a third party or encumbered with third party rights; this shall be without prejudice to the right to deposit the cash collateral or part thereof into the custody of, or management with, a third party, provided that such third party records it separately from its own assets;
- The remaining maturity of the cash collateral is at least equal to the remaining maturity of the exposure.

**Real property** – eligible real property collateral includes residential real property that is or will be occupied or rented for housing purposes by its owner.

Real property can be considered eligible if the following conditions are met:

- The value of the real property is not significantly dependent on the debtor's creditworthiness (this is without prejudice to situations where mere macroeconomic factors affect both the value of the real property and the debtor's performance);
- The debtor's risk is not significantly dependent on the operation of the real property or project, but rather on the debtor's ability to repay debt from other sources;
- The collateral is legally effective and enforceable in all jurisdictions relevant at the time of conclusion of the loan agreement; in particular, the agreement on the establishment of a lien on the real property qualifies for a fully enforceable lien. This lien is duly and timely registered and all legal requirements for the creation of lien are met;
- Regular monitoring of the value/revaluation of real property:
  - At least every 12 months in the case of residential real property;
  - More frequent monitoring/revaluation is conducted upon significant changes in market conditions;
  - Raiffeisen stavební spořitelna uses statistical methods to monitor/revise real property values and to identify real property needing revaluation;
  - If there is a reason to believe that the real property value may have been significantly reduced compared to general market values, the real property value is reviewed by an independent appraiser. An independent appraiser can be considered a person who possesses the necessary qualifications, ability and experience in real property appraisal, is not involved in the loan approval process and is independent of it;
- Raiffeisen stavební spořitelna has well documented definitions of the types of real property it accepts as collateral, as well as policies and procedures for provision of loans secured by such collateral;
- The real property accepted as collateral is duly insured against damage.

**Other funded credit protection** – cash collateral with another bank may be eligible if the following conditions are met:

- The collateral provider is sufficiently reliable to provide reasonable assurance that the level of credit risk reduction achieved corresponds to the extent to which that reduction is recognized and taken into account in the calculation of the capital ratio;
- The debtor's claim to the third party's cash payment is pledged in favour of Raiffeisen stavební spořitelna and this pledge is legally effective and enforceable in all applicable jurisdictions;
- The cash collateral is the property of the debtor or co-debtor (including the debtor's spouse in case of estate in entirety);
- The third person is notified of the pledge;
- As a result of the notification, the third party provides performance exclusively for the benefit of Raiffeisen stavební spořitelna or other persons with the consent of Raiffeisen stavební spořitelna;
- The lien is unconditional and irrevocable.

#### 1.4.43.2.3 Debt recovery

Raiffeisen stavební spořitelna has a Recovery Unit that manages receivables with a non-recoverability risk. Classified receivables' recovery is urged by telephone, in writing, and where no agreement with the client is reached, subsequently in court as well. The Recovery Unit takes legal steps in order to achieve maximum recoverability, including realization of collateral and representation of Raiffeisen stavební spořitelna in insolvency proceedings.

#### 1.4.43.2.4 Expected credit losses

Raiffeisen stavební spořitelna classifies financial instruments into three groups:

- Non-defaulted financial instruments without a significant increase in credit risk ("Stage 1");
- Non-defaulted financial instruments with a significant increase in credit risk ("Stage 2");
- Defaulted financial instruments ("Stage 3").

For Stage 1 financial instruments, loss allowances are calculated at 12-month expected credit losses, and for Stage 2 and Stage 3 financial instruments, loss allowances are calculated at lifetime expected credit losses.

##### 1.4.43.2.4.1 Significant increase in credit risk

In determining whether the risk of default arising from a financial instrument has increased significantly since initial recognition, Raiffeisen stavební spořitelna assesses reasonable and verifiable information that is available without expenditure of unreasonable cost or effort. This includes quantitative and qualitative information and analyses based on the historical experience of Raiffeisen stavební spořitelna and expert credit assessment, including forward-looking information.

The objective of this assessment is to identify whether there has been a significant increase in credit risk for a given credit exposure. The quantitative assessment component is based on a comparison of the probability of default (PD) for the remaining maturity

determined as at the balance-sheet date with the probability of default (PD) for the remaining maturity determined for the balance-sheet date as at the date of initial recognition.

The qualitative assessment component takes into account the following information:

- Number of days past due (DPD) exceeding 30 (including delinquency in relation to compulsory regular savings deposits for bridge loans);
- Significant increase in credit risk of the same client's other exposures;
- Minor credit fraud (serious frauds are classified as default – see the definition of default);
- Pending execution procedure related to building savings worth CZK 20,000+ in total;
- Forbearance;
- Other comprehensive information that can be obtained without unreasonable cost or effort (non-compliance with specific contractual conditions, client's default in another institution, risk of interest rate increase upon renewal of the fixed-interest-rate period, etc.).

The calculation of expected credit losses for non-retail financial instruments at Stages 1 and 2 is carried out by the parent RBI. Expected credit losses for retail financial instruments at Stages 1, 2, and 3 and for non-retail financial instruments at Stage 3 are calculated by Raiffeisen stavební spořitelna.

Due to the absence of a local rating system, the quantitative component is applied to non-retail financial instruments (the rating is obtained using the rating systems of the parent RBI), with the PD change threshold set at 250%.

The qualitative component is applied to assess a significant increase in credit risk for retail financial assets.

In 2021, the qualitative component was extended by two new holistic flags (HF):

- Client's default in another institution – where information from the Czech Banking Credit Bureau (received by Raiffeisen stavební spořitelna on a quarterly basis) indicates a client's default in another institution, the client's loans are tested for maximum contractual DPD over the last 12 months. If the maximum contractual DPD over the last 12 months exceeds 0 and at the same time the client defaulted on an instrument with another institution, the receivable shall be classified as Stage 2. A return to Stage 1 is possible under the condition that the maximum contractual DPD over the last 12 months remains 0 for three consecutive months or there is information about the improvement in the client's ability to repay its obligations in another institution.
- Interest rate increase upon renewal of the fixed-interest-rate period – due to a jump in rates offered on bridge loans, rates offered to clients upon the expiry of their three-year and five-year fixed-interest-rate periods are very likely to be higher than their current rates. A detailed interest rate forecast has been used to establish future rates for loans secured with real property whose fixed-interest-rate period ends after 2021; based on such rate, future instalments are calculated. A loan whose future instalment fails the creditworthiness test of the debt service to income ratio (DSTI) is classified as Stage 2. A return to Stage 1 is possible 6 months after the fixed-interest-rate period renewal under the condition that the EBA DPD remains below 10 over that period.

### Development of the probability of default (PD) curve

Credit risk rating grades are an essential input in developing the PD curve for credit exposure in relation to time. Raiffeisen stavební spořitelna collects information about performance and defaults relating to its credit exposures and analyzes this information from different perspectives.

Raiffeisen stavební spořitelna uses statistical models to analyze the acquired data and to create PD curves and their evolution over the remaining maturity of the given exposures (time structures) and to determine expected changes to these curves over time.

This analysis involves identification and calibration of correlations between changes in default rates and changes in key macroeconomic factors on the one hand and the risk of default on the other hand. Key macroeconomic indicators include in particular gross domestic product, unemployment rate, inflation rate, market interest rates and increase in real property prices (the last of these indicators primarily for LGD).

For non-retail credit exposures, PD curves are estimated by individual rating grades. For retail credit exposures, for the reasons given in the previous chapter, PD curves are estimated for each grade individually and the segmentation is based on the nature of Raiffeisen stavební spořitelna's product (secured and unsecured loans).

Raiffeisen stavební spořitelna uses development scenarios for macroeconomic variables generated by the parent RBI (for details refer to Forward-looking information). These scenarios are then used in conjunction with macroeconomic models developed in-house to modify the probability of default estimates.

### Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly include quantitative changes in the probability of default and qualitative factors including defined delinquency limits and other risk attributes of the exposures.

It is assumed that a significant increase in credit risk since the initial recognition for that exposure has occurred when the probability of default (PD) for the remaining period to maturity has increased by more than 250%.

On the basis of an expert opinion and relevant historical experience (where available), Raiffeisen stavební spořitelna is able to state that credit risk for the exposure has increased significantly, as indicated by selected qualitative indicators. The factors listed at the beginning of this chapter are taken into account in this process.

Raiffeisen stavební spořitelna therefore set the following limit: regardless of other facts, a significant increase in credit risk occurs when the asset is more than 30 days past due. Days past due are calculated in two ways:

- The number of days that have transpired from the earliest due date when the full payment was not received (“the RSTS DPD counter”);
- The number of days that a material credit obligation is past due irrespective of its time structure (“the EBA DPD counter”).

Raiffeisen stavební spořitelna monitors the efficacy of criteria used to identify a significant increase in credit risk through regular analyses and control measures, to confirm that:

- The criteria are capable of identifying a significant increase in credit risk sooner than the exposure defaults;
- The criteria are not tied to the particular moment in time when the asset becomes 30 days past due;
- There is no unjustified volatility of the loss allowances from the transfer between the twelve-month probability of default (Stage 1) and lifetime probability of default (Stage 2).

#### 1.4.43.2.4.2 Modified financial assets

The contractual terms of a loan may generally be modified for a variety of reasons, such as changes in market conditions, retention of the debtor, or other factors unrelated to the debtor’s current or potential credit deterioration. Following modification of loan terms, Raiffeisen stavební spořitelna shall assess whether the cash flows from such modified loan are substantially different.

As mentioned in section 1.4.2.1.10, the only modifications Raiffeisen stavební spořitelna makes are loan repayment deferrals. These are provided individually subject to defined conditions, including the requirement that the client has no debt past due when applying for the deferral. However, the cash flows after the loan repayment deferral are not significantly different, so the loan is not derecognized.

Deferral of loan repayments is considered a forbearance (with the exception of the government’s moratorium in connection with the COVID-19 pandemic). Forbearance is considered a qualitative indicator of a significant increase in credit risk, so the loan is classified at least as Stage 2 (typically with 3-month deferrals). However, if the forbearance meets the definition of forced restructuring, the loan is directly classified as Stage 3, meaning it is considered default (typically with 6-month deferrals).

#### 1.4.43.2.4.3 Definition of default

Raiffeisen stavební spořitelna considers a debtor to be in default if at least one of the following occurs:

- a) It is assumed that the debtor will probably not repay his/her credit liabilities in full;
- b) One of the debtor’s important credit liabilities is more than 90 days past due (in the case of a bridge loan, related compulsory savings deposits are also considered).

Following the group methodology, Raiffeisen stavební spořitelna defines a default as follows:

- For individuals at the level of a payable, i.e. the default on a client’s individual payable does not automatically mean default on that client’s other payables;
- For legal entities at the level of a debtor, i.e. the default on any payable means default of the client and on all of its payables.

The materiality limit of the credit liability is divided into absolute and relative:

- The absolute limit of materiality is set at CZK 2,500 for retail receivables and CZK 12,600 for non-retail receivables.
- The relative limit of materiality is set to 1% of exposure.

In relation to a), Raiffeisen stavební spořitelna has defined the following 17 default indicators:

- Discontinued interest accrual;
- Specific credit risk adjustments (to maintain consistency between IFRS 9 grades and the definition of default);
- Sale of a receivable with an economic loss exceeding a defined limit;
- Forced restructuring;
- Bankruptcy/insolvency;
- Credit fraud;
- Death of the debtor;
- Loss of regular income;

- Significant indebtedness;
- Breach of contractual terms;
- Immediate repayability of the receivable prior to maturity;
- Realization of collateral or activation of guarantees;
- Acquisition or creation of a receivable with a material discount;
- Product-related cross default;
- Volume-related cross default;
- Cross effect of consolidated receivables;
- Cross effect of consolidated debtors.

The definition of default is consistent with the definition of default for the purposes of capital adequacy.

#### 1.4.43.2.4.4 Forward-looking information (FLI)

FLI is taken into account during assessment of whether the credit risk of a financial instrument has significantly increased since the initial recognition (for non-retail exposures) as well as during calculation of expected credit losses.

Scenarios of macroeconomic variables generated by the parent RBI and supplied to Raiffeisen stavební spořitelna usually on a quarterly basis are used unless there is an emergency like the COVID-19 pandemic (where significant deterioration of the foreseen macroeconomic situation had to be reflected as soon as possible). A total of 3 macroeconomic development scenarios are generated – basic, positive and negative – weighted at 50%, 25% and 25% respectively. The time horizon for macroeconomic forecasting is 3 years.

These scenarios are then used in combination with macroeconomic models developed in-house or within the group to adjust estimates of the probability of default (PD) and loss given default (LGD) in the calculation of expected credit losses for retail exposures or are used in combination with group models to calculate expected credit losses for non-retail exposures.

The basic outlook scenario shows the most likely result and is in line with information that Raiffeisen stavební spořitelna uses for other purposes such as strategic and short-term planning. The other two scenarios include a more optimistic scenario and a more pessimistic outcome.

Raiffeisen stavební spořitelna identified and documented key credit risk and credit loss indicators for each financial instrument credit portfolio and using analyses of historical data, it determined the relationship between macroeconomic variables, credit risk and credit losses. The economic scenarios applied as at 31 December, 2021 include the following range of key indicators for the Czech Republic for the years ending on 31 December, 2022 and 31 December, 2023.

	2022	2023
Unemployment rate	Baseline: 3.66% Range: 2.43–5.38%	Baseline: 3.54% Range: 2.86–4.49%
Inflation (year-on-year growth in CPI)	Baseline: 3.49% Range: 2.07–4.74%	Baseline: 2.70% Range: 1.91–3.40%
Growth in GDP (year-on-year)	Baseline: 2.84% Range: 0.10–4.21%	Baseline: 3.02% Range: 1.50–3.79%
Growth in real property prices (year-on-year)	Baseline: 5.00% Range: 1.99–8.29%	Baseline: 4.00% Range: 2.33–5.83%
3M interbank interest rate	Baseline: 3.59% Range: 3.21–4.77%	Baseline: 2.88% Range: 2.67–3.53%

The expected relationships between key indicators and the default and loss rates of various financial asset portfolios are determined based on historical data, in a manner that enables coverage of the economic cycle, including economic recession. In addition, Raiffeisen stavební spořitelna regularly monitors the economic validity of the resulting model predictions.



#### 1.4.43.2.4.5 Calculation of expected credit losses (ECL)

The key input for calculation of expected credit losses (ECL) consists of the time structure of the following variables/parameters:

- Probability of default (PD),
- Loss given default (LGD),
- Exposure at default (EAD).

These parameters are derived from proprietary statistical models (for retail exposures) or from the statistical models of the parent RBI (for non-retail exposures) and from historical data, which must be adjusted to correspond to forward-looking information (FLI), as stated above.

PD estimates are estimates as at a particular moment in time which are calculated on the basis of statistical models and rating instruments adapted for various counterparty and exposure categories. These statistical models are based on acquired data that includes both quantitative and qualitative factors. If the rating of a counterparty or exposure changes, the relevant PD estimate is changed. Exposure maturity is taken into account during estimation of probabilities of default (PD).

The LGD is the volume of the probable loss should default occur. LGD parameters are forecast on the basis of historical rates of recovery from debtors in default. LGD models take into account collateralization and the direct costs of receivable recovery.

LGD estimates are specified for various economic scenarios so that they also reflect possible changes in real property prices for the purposes of loans secured by real property.

Calculations are made on the basis of discounted cash flows.

The EAD is the expected credit exposure at the time of default. The EAD is calculated on the basis of current exposure in regard to a given counterparty and possible changes to the current exposure on the basis of contracts concluded with the counterparty.

The EAD of a financial asset equals the asset's gross book value. For loan commitments, the EAD includes the drawn amount and also possible future drawing which may occur based on the concluded contract.

As described above, aside from use of a max. 12-month PD for financial assets whose credit risk did not increase significantly, expected credit losses (ECL) are calculated with regard to the default risk during the expected lifespan of the subject financial assets (i.e. for the period during which Raiffeisen stavební spořitelna is exposed to the credit risk).

Raiffeisen stavební spořitelna does not have any revolving products in its portfolio.

For credit risk parameter estimates the portfolio is segmented by the very character of the product, i.e. primarily into secured and unsecured loans.

#### Calculation of expected credit losses (ECL) for credit-impaired loans

For credit-impaired loans, loss allowances are calculated based on the Best estimate of expected loss (BEEL). For retail exposures, BEEL parameters are estimated for the segments listed above; they are based on the LGD and increase as the exposure period in default increases, up to 100% at the end of the effective recovery period. For non-retail exposures, BEEL parameters are calculated individually in regard to the very low number of historical defaults and only after the Credit Risk Management Committee has reached a consensus.

### 1.4.43.2.5 Reconciliation of opening and closing loss allowance balances

#### Total loss allowances – 31/12/2021

M CZK	12-month ECL (Stage 1)	Lifetime ECL for financial assets that are not credit-impaired (Stage 2)	Lifetime ECL for financial assets that are credit- impaired (Stage 3)	Purchased or originated credit-impaired financial assets (POCI)	Total
Balance as at 1 January, 2021	287	262	509	0	1,058
Transfer to 12-month ECL (Stage 1)	97	-78	-19	0	0
Transfer to lifetime ECL for financial assets that are not credit impaired (Stage 2)	-30	66	-36	0	0
Transfer to lifetime ECL for financial assets that are credit impaired (Stage 3)	-1	-27	28	0	0
Newly purchased or originated financial assets	45	51	2	0	98
Derecognition of financial assets	-43	-28	-77	0	-148
Revaluation and changes in models/risk parameters	-185	85	59	0	-41
<b>Balance as at 31 December, 2021</b>	<b>170</b>	<b>331</b>	<b>466</b>	<b>0</b>	<b>967</b>

Changes in risk parameters were due to more positive macroeconomic forecasts from RBI and the continuously diminishing proportion of credit-impaired loans, which had a positive impact on the volume of loss allowances. Cases of reclassification between Stage 1 and Stage 2 were due to the application of two new holistic flags.

#### Total loss allowances – 31/12/2020

M CZK	12-month ECL (Stage 1)	Lifetime ECL for financial assets that are not credit-impaired (Stage 2)	Lifetime ECL for financial assets that are credit- impaired (Stage 3)	Purchased or originated credit-impaired financial assets (POCI)	Total
Balance as at 1 January, 2020	185	74	714	0	973
Transfer to 12-month ECL (Stage 1)	46	-16	-30	0	0
Transfer to lifetime ECL for financial assets that are not credit impaired (Stage 2)	-6	25	-19	0	0
Transfer to lifetime ECL for financial assets that are credit impaired (Stage 3)	-1	-16	17	0	0
Newly purchased or originated financial assets	48	7	4	0	59
Derecognition of financial assets	-16	-8	-84	0	-108
Revaluation and changes in models/risk parameters	31	196	-93	0	134
<b>Balance as at 31 December, 2020</b>	<b>287</b>	<b>262</b>	<b>509</b>	<b>0</b>	<b>1,058</b>

Transfers are designed such that when the stage changes, the transfer of the loss allowance occurs first and the change of amount second. "Newly purchased or originated financial assets" include loss allowances that were created for newly originated financial assets during 2020. There are parameter changes in "Revaluation and changes in models/risk parameters". All newly originated assets are classified as Stage 1 (POCI = 0). The Stage 2 and 3 values under "Newly purchased or originated financial assets" are loss allowances for assets originated in 2021 and transferred to Stage 2 or 3 before 31 December, 2021.

### 1.4.43.2.6 Sensitivity analysis

As mentioned above, key macroeconomic indicators with impact on the amount of loss allowances include, in particular, gross domestic product, unemployment rate, inflation rate, market interest rates and increase in real property prices (the last of these indicators primarily for LGD).

The table below compares the expected credit losses from financial assets in Stages 1 and 2 (weighted 25% for the optimistic scenario, 50% for the baseline scenario and 25% for the pessimistic scenario) and each scenario with a 100% weighting.

#### Amount of loss allowances under each scenario (Stages 1 and 2)

M CZK	Reported	Optimistic	Baseline	Pessimistic
Retail exposure	494.7	434.9	480.3	587.0
Non-retail exposure	5.9	5.7	5.8	6.2
<b>Total</b>	<b>500.5</b>	<b>440.6</b>	<b>486.1</b>	<b>593.2</b>

#### 1.4.43.2.7 Maximum credit risk exposure

##### Maximum credit risk exposure – 31/12/2021

M CZK	Balance sheet	Off-balance sheet	Total credit risk exposure	Collateral received	Main type of collateral
Loans and receivables from banks and bank bonds	8,124	0	8,124	7,891	CNB treasury bills
Loans and receivables from clients	64,813	7,308	72,121	34,144	Real property
State zero coupon bonds	4,543	0	4,543	0	
Cash and balances with central banks	508	0	508	0	
Other exposure	1,736	0	1,736	0	

##### Maximum credit risk exposure – 31/12/2020

M CZK	Balance sheet	Off-balance sheet	Total credit risk exposure	Collateral received	Main type of collateral
Loans and receivables from banks and bank bonds	8,144	0	8,144	7,789	CNB treasury bills
Loans and receivables from clients	57,885	3,230	61,115	34,123	Real property
State zero coupon bonds	8,050	0	8,050	0	
Cash and balances with central banks	552	0	552	0	
Other exposure	1,546	0	1,546	0	

Any differences from items in the financial statements are due to accruals of input fees that are part of the effective interest rate. Since these fees have already been paid, they do not pose a credit risk to the Bank and are therefore excluded from loans and receivables from clients in this and the following sub-chapters.

#### 1.4.43.2.8 Credit risk concentration

Credit risk concentration develops when there are credit receivables with similar economic characteristics which affect a debtor's ability to meet his or her obligations. Raiffeisen stavební spořitelna considers a receivable from a debtor or economically associated group of debtors that exceeds 25% of the Tier 1 capital as significantly exposed. If the debtor is a credit institution (i.e. a bank other than a central bank, an international development bank or a credit union), the limit is 25% of the Tier 1 capital or EUR 150 million, whichever is higher.

## 1.4.43.2.9 Concentration by sectors

## Concentration by sectors – 31/12/2021

M CZK	Financial institutions	Non-financial institutions	Government sector and central banks	Households	Total
Balances with central banks	0	0	508	0	508
State zero coupon bonds and other securities eligible for refinancing with the central bank	0	0	4,544	0	4,544
Receivables from banks	14	0	7,904	0	7,918
Receivables from clients	0	5,007	13	59,793	64,813
Debt securities	205	0	0	0	205
Other receivables	22	2	770	4	798
Commitments and guarantees issued	0	208	0	7,100	7,308
<b>Total</b>	<b>241</b>	<b>5,217</b>	<b>13,739</b>	<b>66,897</b>	<b>86,094</b>

## Concentration by sectors – 31/12/2020

M CZK	Financial institutions	Non-financial institutions	Government sector and central banks	Households	Total
Balances with central banks	0	0	549	0	549
State zero coupon bonds and other securities eligible for refinancing with the central bank	0	0	8,050	0	8,050
Receivables from banks	4	0	7,934	0	7,938
Receivables from clients	0	5,283	16	52,586	57,885
Debt securities	205	0	0	0	205
Other receivables	2	4	812	4	822
Commitments and guarantees issued	0	39	0	3,191	3,230
<b>Total</b>	<b>211</b>	<b>5,326</b>	<b>17,361</b>	<b>55,781</b>	<b>78,679</b>

## 1.4.43.2.10 Concentration by geographical criteria

## Concentration by geographical criteria – 31/12/2021

M CZK	Czech Republic	European Union excluding the Czech Republic	Total
Balances with central banks	508	0	508
State zero coupon bonds and other securities eligible for refinancing with the central bank	4,544	0	4,544
Receivables from banks	7,918	0	7,918
Receivables from clients	64,813	0	64,813
Debt securities	0	205	205
Other receivables	798	0	798
Commitments and guarantees issued	7,308	0	7,308
<b>Total</b>	<b>85,889</b>	<b>205</b>	<b>86,094</b>

**Concentration by geographical criteria – 31/12/2020**

M CZK	Czech Republic	European Union excluding the Czech Republic	Total
Balances with central banks	549	0	549
State zero coupon bonds and other securities eligible for refinancing with the central bank	8,050	0	8,050
Receivables from banks	7,938	0	7,938
Receivables from clients	57,885	0	57,885
Debt securities	0	205	205
Other receivables	822	0	822
Commitments and guarantees issued	3,230	0	3,230
<b>Total</b>	<b>78,474</b>	<b>205</b>	<b>78,679</b>

**1.4.43.3 Liquidity****1.4.43.3.1 Liquidity risk exposure**

One of the key liquidity risk exposure criteria is the liquidity coverage ratio (LCR). The LCR focuses on the Bank's short-term liquidity. Its objective is to ensure that banks maintain an adequate proportion of highly liquid assets to be able to cover their 30-day liquidity needs in the event of crisis scenarios. According to the LCR, banks must have a sufficient volume of highly liquid assets that is greater than their expected future net outflows over the ensuing 30 days. Highly liquid assets in the Raiffeisen stavební spořitelna environment include cash, state bonds, treasury bills securing reverse repo operations with the CNB and reserves with central banks that may be drawn.

Given the three-month notice period for building savings, the LCR indicator is well above the regulatory minimum of 100%.

The LCR at the end of the accounting period and during the period was as follows:

	2021	2020
As at 31 December	953.0%	1,411.6%
Average	1,114.0%	1,395.3%
Maximum	1,526.5%	1,970.0%
Minimum	744.5%	1,124.0%

**1.4.43.3.2 Liquidity risk management**

Liquidity risk is defined as the risk of the Company's loss of ability to meet its financial obligations at maturity (short-term liquidity risk), or inability to fund its assets (funding liquidity risk).

Risk materiality is calculated based on an assessment of the impact on the Company's capital or profit, or by an expert estimate.

Liquidity risk in the Raiffeisen stavební spořitelna environment is considered material. It is measured and managed only in CZK, because Raiffeisen stavební spořitelna's foreign currency assets are negligible. Raiffeisen stavební spořitelna holds foreign currencies only for internal purposes. Given the absence of a trading portfolio, the only relevant liquidity risk for Raiffeisen stavební spořitelna is that of the investment portfolio.

Raiffeisen stavební spořitelna holds two major types of assets in its portfolio. The first type consists of loans provided to clients. These include building savings loans, bridge loans and commercial loans. The second most important type of asset is debt instruments, primarily bonds issued by the Ministry of Finance of the Czech Republic or by financial institutions. Raiffeisen stavební spořitelna also conducts deposit transactions on the interbank market, repo operations, reverse repo operations and securities operations with a repurchase or sale obligation. The general rule is that all purchased instruments must fulfil the conditions of S. 9 of the Building Savings Act. The range of financial instruments available to building savings banks is more limited compared to universal banks.

The majority of the Bank's liabilities are client deposits, which yield interest at a fixed interest rate for at least the six-year fixation period. The interest rate is defined by the rate at which the building savings contract was concluded or the rate to which the contract was changed.

Liquidity risk is a natural part of Raiffeisen stavební spořitelna's banking activities, for there is a maturity mismatch in the structure of assets and liabilities.

Raiffeisen stavební spořitelna manages its liquidity risk primarily through its investment policy with use of financial instruments defined by the Building Savings Act.

The investment policy determines the basic principles and opportunities for investment of available funding. Through deposit operations on the interbank market, the CNB deposit facility, reverse repo operations with the CNB and investments into bonds, Raiffeisen stavební spořitelna appreciates its available funding. The use of these instruments is an integral part of asset and liability management. The main goal is to ensure Raiffeisen stavební spořitelna's ability to meet its payment obligations at maturity under both ordinary and adverse circumstances, while respecting the specific nature of building savings, Raiffeisen stavební spořitelna's investment horizon and acceptable risk levels.

In general, Raiffeisen stavební spořitelna uses financial instruments that ensure Raiffeisen stavební spořitelna sufficient liquidity while maintaining acceptable risk levels from its investments. Raiffeisen stavební spořitelna holds part of its assets in highly liquid forms, which primarily include deposits on the interbank market with selected credit institutions with a 3-month maturity, the CNB deposit facility, reverse repo operations with the CNB, securities with a repo guarantee and other securities from issuing institutions with high credit quality.

Monitoring and management of liquidity risk is carried out using regulatory limits, limits set by the RBI group or internally set limits. These limits are assessed by the Assets and Liabilities Committee and approved by the Board of Directors.



### 1.4.43.3.3 Estimated remaining maturity

#### Estimated remaining maturity of the Bank's assets and liabilities as at 31 December, 2021

M CZK	Up to 3 months	3–12 months	1–5 years	More than 5 years	Unspecified	Total
Cash and balances with central banks	508	0	0	0	0	508
Securities eligible for refinancing with the central bank	0	975	3,569	0	0	4,544
Receivables from banks	7,918	0	0	0	0	7,918
Receivables from clients	2,652	7,247	27,597	26,280	556	64,332
Debt securities	7	0	0	198	0	205
Property	0	0	0	0	299	299
Participation interests with controlling influence	0	0	0	0	370	370
Other assets	30	768	0	0	-3	795
Pre-paid expenses and accrued revenues	0	0	0	0	19	19
<b>Total assets</b>	<b>11,115</b>	<b>8,990</b>	<b>31,166</b>	<b>26,478</b>	<b>1,241</b>	<b>78,990</b>
Payables to banks	0	0	2,002	0	0	2,002
Payables to clients	5,407	10,167	26,342	28,320	-5	70,231
Other liabilities	302	0	0	0	269	571
Accrued expenses and deferred income	0	0	0	0	102	102
Provisions	0	0	0	0	60	60
Subordinated liabilities	0	2	300	300	0	602
Registered capital	0	0	0	0	650	650
Reserve funds	0	0	0	0	4,329	4,329
Retained earnings or accumulated losses from previous years	0	0	0	0	0	0
Profit or loss for the accounting period	0	0	0	0	443	443
<b>Total liabilities</b>	<b>5,709</b>	<b>10,169</b>	<b>28,644</b>	<b>28,620</b>	<b>5,848</b>	<b>78,990</b>
<b>Commitments</b>	<b>-7,277</b>	<b>82</b>	<b>486</b>	<b>6,709</b>	<b>0</b>	<b>0</b>
GAP including commitments	-1,871	-1,097	3,008	4,567	-4,607	0
Cumulative GAP including commitments	-1,871	-2,968	40	4,607	0	0
CBC	4,091	3,211	0	0	0	-
Cumulative GAP including commitments and CBC	2,220	243	40	4,607	0	0

CBC includes all unencumbered assets that can be accepted as collateral for currency transactions conducted by the central bank on the local money market. At Raiffeisen stavební spořitelna, these assets include government securities.

## Estimated remaining maturity of the Bank's assets and liabilities as at 31 December, 2020

M CZK	Up to 3 months	3–12 months	1–5 years	More than 5 years	Unspecified	Total
Cash and balances with central banks	552	0	0	0	0	552
Securities eligible for refinancing with the central bank	322	3,184	4,448	96	0	8,050
Receivables from banks	7,938	0	0	0	0	7,938
Receivables from clients	1,727	4,799	20,480	29,763	276	57,045
Debt securities	7	0	0	198	0	205
Property	3	8	0	0	285	296
Participation interests with controlling influence	0	0	0	0	257	257
Other assets	65	757	0	0	108	930
Pre-paid expenses and accrued revenues	0	0	0	0	37	37
<b>Total assets</b>	<b>10,614</b>	<b>8,748</b>	<b>24,928</b>	<b>30,057</b>	<b>963</b>	<b>75,310</b>
Payables to clients	4,869	8,344	28,483	27,523	-37	69,182
Other liabilities	196	14	2	0	269	481
Accrued expenses and deferred income	0	0	0	0	58	58
Provisions	0	0	0	0	58	58
Subordinated liabilities	0	2	0	300	0	302
Registered capital	0	0	0	0	650	650
Reserve funds	0	0	0	0	4,362	4,362
Retained earnings or accumulated losses from previous years	0	0	0	0	0	0
Profit or loss for the accounting period	0	0	0	0	217	217
<b>Total liabilities</b>	<b>5,065</b>	<b>8,360</b>	<b>28,485</b>	<b>27,823</b>	<b>5,577</b>	<b>75,310</b>
<b>Commitments</b>	<b>-3,217</b>	<b>33</b>	<b>188</b>	<b>2,996</b>	<b>0</b>	<b>0</b>
GAP including commitments	2,332	421	-3,369	5,230	-4,614	0
Cumulative GAP including commitments	2,332	2,753	-616	4,614	0	0
CBC	7,344	4,310	93	0	0	-
Cumulative GAP including commitments and CBC	9,676	7,063	-523	4,614	0	0

CBC includes all unencumbered assets that can be accepted as collateral for currency transactions conducted by the central bank on the local money market. At Raiffeisen stavební spořitelna, these assets include government securities.

## 1.4.43.3.4 Liquidity reserve

As part of the management of liquidity risk resulting from the Bank's financial obligations, Raiffeisen stavební spořitelna holds part of its assets in highly liquid instruments, such as cash, state bonds, treasury bills and reserves with central banks that may be drawn. Therefore, the following tables only show the volume of deposits on the mandatory minimum reserve account exceeding their prescribed amount, which amounted to CZK 749 million as at 31 December, 2021 and CZK 672 million as at 31 December, 2020.

Raiffeisen stavební spořitelna includes in its liquidity reserve only those financial assets that are not being provided as collateral in e.g. reverse repo operations at the given time.

## Liquidity reserve components – 31/12/2021

M CZK	Book value	Fair value
Cash and balances with central banks	0	0
State zero coupon bonds and other securities eligible for refinancing with the central bank not provided as collateral as at the balance sheet date	4,544	4,387
Securities as collateral for reverse repo operations	7,891	7,739
<b>Total liquidity reserve</b>	<b>12,435</b>	<b>12,126</b>

**Liquidity reserve components – 31/12/2020**

<b>M CZK</b>	<b>Book value</b>	<b>Fair value</b>
Cash and balances with central banks	3	3
State zero coupon bonds and other securities eligible for refinancing with the central bank not provided as collateral as at the balance sheet date	8,050	8,135
Securities as collateral for reverse repo operations	7,789	7,772
<b>Total liquidity reserve</b>	<b>15,842</b>	<b>15,910</b>

**1.4.43.4 Market risks**

Market risk is the risk of the Bank incurring losses from changes in prices, exchange rates and other rates on the financial markets. It is a general term for interest-rate, currency, equity and other risks associated with the fluctuation of market prices.

In regard to the scope of building savings banks' activities, which is limited by the Building Savings Act, the main market risk that affects Raiffeisen stavební spořitelna is interest-rate risk. Raiffeisen stavební spořitelna does not have a trading portfolio and does not create capital requirements for market risk.

**1.4.43.4.1 Interest-rate risk****1.4.43.4.1.1 Interest-rate risk management**

Interest-rate risk is the risk of a potential loss as a result of open interest-rate positions where net interest income or the market value of assets and liabilities may decrease due to adverse changes in market interest rates. Given the structure of interest-bearing assets and liabilities, which are characterized by a duration gap and have different maturity dates or intervals for interest rate changes, Raiffeisen stavební spořitelna is exposed to interest-rate risk. Due to the absence of a trading portfolio, only the interest-rate risk related to the investment portfolio is relevant and material to Raiffeisen stavební spořitelna.

Due to the nature of the building savings product and in view of its size, scale and nature and the complexity of the transactions and activities, Raiffeisen stavební spořitelna uses gap analysis, Basis Point Value (BPV) sensitivity analysis, Net Interest Income (NII) calculation and the Value at Risk (VaR) method to manage interest-rate risk.

The impact of regulatory interest-rate shock on capital by means of parallel shifts in the yield curve is measured in full accordance with the general EBA guidelines on the management of interest-rate risk arising from non-trading activities (EBA/GL/2018/02). Supervisory outlier testing is conducted in accordance with these guidelines and stress testing of interest-rate risk is also carried out on a regular basis. Monitoring and management of interest-rate risk are carried out using regulatory limits, limits set by the RBI group or internally set limits. These limits are assessed by the Assets and Liabilities Committee and approved by the Board of Directors.

**1.4.43.4.1.2 Interest-rate risk sensitivity analysis**

Part of Raiffeisen stavební spořitelna's revenue is generated by a deliberate discrepancy between interest-rate sensitive assets and liabilities. The table below summarizes the discrepancy between Raiffeisen stavební spořitelna's interest-rate sensitive assets and liabilities. The book value of these assets and liabilities is included in the period in which they mature or during which there is a change in interest rate, whichever comes first. Due to expected early repayment or undefined maturity, some assets or liabilities are allocated to specific periods based on expert estimates.

## Interest-rate sensitivity of the Bank's assets and liabilities as at 31 December, 2021

M CZK	Up to 3 months	3–12 months	1–5 years	More than 5 years	Unspecified	Non-rate sensitive	Total
Cash and balances with central banks	508	0	0	0	0	0	508
Securities eligible for refinancing with the central bank	0	2,486	2,058	0	0	0	4,544
Receivables from banks	7,918	0	0	0	0	0	7,918
Receivables from clients	5,824	13,233	41,892	3,122	495	-234	64,332
Debt securities	7	0	0	198	0	0	205
Property	0	0	0	0	0	299	299
Participation interests with controlling influence	0	0	0	0	0	370	370
Other assets	0	0	0	0	0	795	795
Pre-paid expenses and accrued revenues	0	0	0	0	0	19	19
<b>Total assets</b>	<b>14,257</b>	<b>15,719</b>	<b>43,950</b>	<b>3,320</b>	<b>495</b>	<b>1,249</b>	<b>78,990</b>
Payables to banks	0	0	2,002	0	0	0	2,002
Payables to clients	19,979	11,721	22,927	14,796	43	765	70,231
Other liabilities	0	0	0	0	0	571	571
Accrued expenses and deferred income	0	0	0	0	0	102	102
Provisions	0	0	0	0	0	60	60
Subordinated liabilities	0	2	300	300	0	0	602
Registered capital	0	0	0	0	0	650	650
Reserve funds	0	0	0	0	0	4,329	4,329
Retained earnings or accumulated losses from previous years	0	0	0	0	0	0	0
Profit or loss for the accounting period	0	0	0	0	0	443	443
<b>Total liabilities</b>	<b>19,979</b>	<b>11,723</b>	<b>25,229</b>	<b>15,096</b>	<b>43</b>	<b>6,920</b>	<b>78,990</b>
<b>Commitments</b>	<b>-7,273</b>	<b>110</b>	<b>6,096</b>	<b>1,067</b>	<b>0</b>	<b>0</b>	<b>0</b>
GAP including commitments	-12,995	4,106	24,817	-10,709	452	-5,671	0
Cumulative GAP including commitments	-12,995	-8,889	15,928	5,219	5,671	0	0

## Interest-rate sensitivity of the Bank's assets and liabilities as at 31 December, 2020

M CZK	Up to 3 months	3–12 months	1–5 years	More than 5 years	Unspecified	Non-rate sensitive	Total
Cash and balances with central banks	549	0	0	0	0	3	552
Securities eligible for refinancing with the central bank	322	4,697	2,935	96	0	0	8,050
Receivables from banks	7,938	0	0	0	0	0	7,938
Receivables from clients	4,233	8,489	40,292	4,040	229	-238	57,045
Debt securities	7	0	0	198	0	0	205
Property	0	0	0	0	0	296	296
Participation interests with controlling influence	0	0	0	0	0	257	257
Other assets	0	0	0	0	0	930	930
Pre-paid expenses and accrued revenues	0	0	0	0	0	37	37
<b>Total assets</b>	<b>13,049</b>	<b>13,186</b>	<b>43,227</b>	<b>4,334</b>	<b>229</b>	<b>1,285</b>	<b>75,310</b>
Payables to clients	21,946	8,236	26,048	12,180	52	720	69,182
Other liabilities	0	0	0	0	0	481	481
Accrued expenses and deferred income	0	0	0	0	0	58	58
Provisions	0	0	0	0	0	58	58
Subordinated liabilities	0	2	0	300	0	0	302
Registered capital	0	0	0	0	0	650	650
Reserve funds	0	0	0	0	0	4,362	4,362
Retained earnings or accumulated losses from previous years	0	0	0	0	0	0	0
Profit or loss for the accounting period	0	0	0	0	0	217	217
<b>Total liabilities</b>	<b>21,946</b>	<b>8,238</b>	<b>26,048</b>	<b>12,480</b>	<b>52</b>	<b>6,546</b>	<b>75,310</b>
<b>Commitments</b>	<b>-3,217</b>	<b>48</b>	<b>2,646</b>	<b>523</b>	<b>0</b>	<b>0</b>	<b>0</b>
GAP including commitments	-12,114	4,996	19,825	-7,623	177	-5,261	0
Cumulative GAP including commitments	-12,114	-7,118	12,707	5,084	5,261	0	0

The table below shows the results of the standardized interest-rate shock in the Income statement and Raiffeisen stavební spořitelna's equity as at the balance sheet date. The calculation is based on the interest-rate gap, i.e. the difference between interest-rate sensitive assets and liabilities in each defined time period. It is assumed that the yield curve will move 200 basis points up and down, whereas the minimum interest rate floor as per EBA/GL/2018/02 is applied for movements in the downward direction.

M CZK	2021 Interest rate increase 200 basis points	2021 Interest rate decrease 200 basis points
Impact on the Income statement	203	-374
Impact on the Bank's equity	3.79%	-6.98%

## 1.4.43.4.1.3 Simulation of net interest rate yield

Simulation and forecasting of the net interest rate yield is an additional component of interest-rate risk monitoring in the accounting unit. Raiffeisen stavební spořitelna regularly measures the sensitivity of the net interest rate yield on various changes to the interest rate (parallel shifts in both directions from 1 to 300 basis points). An appropriate limit is set on the net interest rate yield.

## 1.4.43.4.2 Currency risk

Currency risk results from exchange rate movements and the existence of open currency positions. Raiffeisen stavební spořitelna's currency risk is immaterial as open foreign currency positions (cash in hand or foreign currency receivables and payables from customer-supplier relationships) are insignificant in terms of volume.

#### 1.4.43.4.3 Market risk sensitivity analysis using Value at Risk (VaR)

Market risks related to Raiffeisen stavební spořitelna's trading activities (trading portfolio) are managed using the Value at Risk method. Value at Risk shows the potential loss from market volatility measured over a specific time frame at a particular confidence level. Raiffeisen stavební spořitelna sets the Value at Risk using two approaches: the variance-covariance (parametric) method and the Monte Carlo simulation, i.e. stochastic simulation of a large quantity of financial market potential development scenarios. Value at Risk is measured for one-day holding periods and at a 99% confidence level.

#### Value at Risk results for interest-rate risk (calculated using the Monte Carlo simulation)

M CZK	As at 31 December, 2021	Average 2021	As at 31 December, 2020	Average 2020
VaR of interest-rate instruments	105	78	57	34

As at 31 December, 2021 the VaR equalled CZK 105 million (in 2020 it was CZK 57 million).

#### Market risk management limits

All market risk management limits are proposed through a collaborative effort between the Risk Controlling Department and the Financial Department, discussed by the ALCO and approved by the Board of Directors of Raiffeisen stavební spořitelna.

#### 1.4.43.4.4 Stress testing

Raiffeisen stavební spořitelna conducts stress testing of interest-rate risks on a monthly basis by applying historical financial market volatility scenarios and internally defined improbable scenarios, and models their impacts on Raiffeisen stavební spořitelna's profits. Raiffeisen stavební spořitelna has set limits for these stress scenarios which are part of the risk management process.

#### 1.4.43.4.5 Equity risk

As at the end of the reporting periods, Raiffeisen stavební spořitelna did not record any shares, units or other participation interests. Raiffeisen stavební spořitelna has no derivatives.

#### 1.4.43.4.6 Operational risk

Operational risk is defined in line with the applicable legislation as the risk of a loss incurred due to inadequacy or failure of internal processes, human factor or systems, or due to external events. Raiffeisen stavební spořitelna monitors, records and regularly assesses such risks and adopts measures to minimize losses. The basic indicator approach (BIA) is applied to calculating capital adequacy for operational risk.

The elementary principle is each employee's personal responsibility to identify and escalate operational risks and report incidents in a timely and accurate manner. At Raiffeisen stavební spořitelna, there is a centrally established operational risk management function which is responsible for setting methodology, taking measurements and conducting analyses, and it also provides methodological support to managerial staff.

The cornerstones of operational risk management are:

- Event data collection;
- General ledger analysis;
- Risk assessment;
- Scenario analysis;
- Early warning indicators (EWI);
- Mitigation plans.

The objectives of collecting data on losses incurred due to operational risks are data aggregation, and above all data analysis. More serious cases are submitted to and discussed by the Operational Risk Management Committee. The Committee presents, discusses and approves measures to minimize repeated occurrence of similar events, or to completely avoid them. Any changes to be implemented have their accountable sponsors and the implementation progress is monitored by the Operational Risk Management Committee. Other cases are resolved by the respective departments/units.

General ledger analysis ensures reconciliation between reported losses and their reflection in the ledger.

Risk assessment serves to improve awareness of operational risks, clarify individual processes and mitigate identified operational risks. Risk assessment determines the risk level of individual processes, organizational units or activities. The risk level is relevant for the adoption of qualitative risk management measures.

Scenario analysis is a process through which Raiffeisen stavební spořitelna weighs the impacts of extreme, yet likely events to its activities, assesses the likelihood of their occurrence, and estimates the severity of impacts on a range of possible outcomes. The aims of scenario analysis are to (i) offer a method of potentially intercepting a specific event which has not yet occurred in the particular organization; (ii) educate and improve awareness of the management by providing insight into different risk types, and manage the corrective measure and investment plan.

EWIs are used for ongoing monitoring and reporting of risk exposure to operational risks. They provide early warning of potential steps or changes in the risk profile which may activate executive measures.

Raiffeisen stavební spořitelna determines and regularly reviews the level of risk appetite. Utilizing all the above tools, it compares the identified risks with the risk appetite level; for risks exceeding the determined level, a mitigation plan is created.

All tools are applied on a regular yearly basis.



## 1.4.44 FAIR VALUE

### 1.4.44.1 Financial instruments not carried at fair value in the balance sheet

The following table lists the book values and fair values of financial assets and financial liabilities that are not carried at fair value in Raiffeisen stavební spořitelna's balance sheet.

#### Financial assets and financial liabilities at book and fair values as at 31/12/2021

M CZK	Book value 31/12/2021	Fair value 31/12/2021
Cash and balances with central banks	508	508
State zero coupon bonds and other securities eligible for refinancing with the central bank	4,544	4,387
Receivables from banks and cooperative savings associations	7,918	7,918
Receivables from clients – cooperative savings associations' members	64,332	61,970
Debt securities	205	195
Participation interests with controlling influence	370	430
Other assets	814	815
<b>Total financial assets</b>	<b>78,691</b>	<b>76,223</b>
Payables to banks and cooperative savings associations	2,002	2,002
Payables to clients – cooperative savings associations' members	70,231	69,497
Payables from the subordinate loan	602	596
Other liabilities	733	733
<b>Total financial liabilities</b>	<b>73,568</b>	<b>72,828</b>

#### Financial assets and financial liabilities at book and fair values as at 31/12/2020

M CZK	Book value 31/12/2020	Fair value 31/12/2020
Cash and balances with central banks	552	552
State zero coupon bonds and other securities eligible for refinancing with the central bank	8,050	8,135
Receivables from banks and cooperative savings associations	7,938	7,938
Receivables from clients – cooperative savings associations' members	57,045	59,245
Debt securities	205	213
Participation interests with controlling influence	257	289
Other assets	967	967
<b>Total financial assets</b>	<b>75,014</b>	<b>77,339</b>
Payables to clients – cooperative savings associations' members	69,182	69,040
Payables from the subordinate loan	302	302
Other liabilities	605	604
<b>Total financial liabilities</b>	<b>70,089</b>	<b>69,946</b>

The accounting unit uses the following inputs and techniques to estimate fair values:

Cash and balances with central banks – the book value is equal to the fair value. These financial assets are classified as Level 2 in the fair value hierarchy.

State zero coupon bonds and other securities eligible for refinancing with the central bank – the difference between the fair value and the book value is mainly due to the different market and effective interest rates on the government bonds included in this portfolio. These financial assets are classified as Level 1 in the fair value hierarchy because their fair value is based on quoted prices in an active market.

Receivables from banks and cooperative savings associations – due to the short maturity of these receivables, the book value approximates their fair value. These financial assets are classified as Level 2 in the fair value hierarchy.

Receivables from clients – cooperative savings associations' members – estimates of the loan fair value are based on discounted expected future cash flows, using the interest rate applicable to loans associated with similar credit and interest risks and similar maturity. For credit-impaired loans, the basis is the present value of expected future cash flows including the expected proceeds from collateral realization, if applicable.

Estimating the cash flows used for discounting is based on assumptions and consideration of the expected course of repayment of the particular product or group of products. The applied discount rates are based on the rates of the Bank's main competitors or other comparable rates on similar types of assets.

These financial assets are classified as Level 3 in the fair value hierarchy.

Debt securities – the difference between the fair value and the book value is mainly due to the different market and effective interest rates on the government bonds included in this portfolio. These financial assets are classified as Level 1 in the fair value hierarchy because their fair value is based on quoted prices in an active market.

Participation interests with substantial influence and participation interests with controlling influence – the fair value is the value taken from the expert opinion adjusted for the Bank's expectations, which reflect the Company's current situation. These financial assets are classified as Level 3 in the fair value hierarchy.

Payables to banks and cooperative savings associations – due to the short maturity of these payables, the book value approximates their fair value. These financial liabilities are classified as Level 2 in the fair value hierarchy.

Payables to clients – cooperative savings associations' members – the fair value of demand deposits and floating rate term deposits equals the book value of the deposits as at the balance sheet date.

The fair value of fixed rate term deposits is estimated on the basis of discounted cash flows applying the respective interest rates. The applied discount rates are based on the rates of the Bank's main competitors or other comparable rates on similar types of liabilities.

These financial liabilities are classified as Level 3 in the fair value hierarchy.

#### 1.4.45 TRANSACTIONS NOT INCLUDED IN THE BALANCE SHEET

As at the date of the financial statement, the management of Raiffeisen stavební spořitelna is not aware of any major events that would require amendments to the financial statement as at 31 December, 2021.

#### 1.4.46 MAJOR EVENTS SUBSEQUENT TO THE FINANCIAL STATEMENT DATE

No major events occurred between the financial statement date and the date of financial statement approval that would require any amendments thereto. Raiffeisen stavební spořitelna's statement on the situation in Ukraine is included in Chapter 1.4.1.2 of this report.

Prague, 21 March, 2022

Raiffeisen stavební spořitelna a.s. Board of Directors:



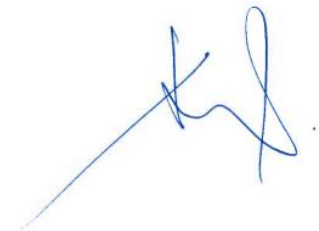
**Ing. Pavel Čejka, MBA**

Chairman of the Board of Directors



**Ing. Yvona Tošnerová**

Deputy Chairwoman of the Board of Directors



**Bc. Jiří Antoš**

Deputy Chairman of the Board of Directors

Officer in charge of accounting and the financial statement:



**Ing. Petr Zaremba**

Financial Department Director

## 2 REPORT ON RELATED PARTIES

Raiffeisen stavební spořitelna a.s., with its registered office at Hvězdova 1716/2b, 140 78 Praha 4, Business ID: 49241257, incorporated in the Commercial Register administered by the Municipal Court in Prague, Section B, Insert 2102 (hereinafter the “Reporting Party”) is part of a business grouping (holding) with the following relations between the Reporting Party and the controlling party, and among the Reporting Party and other parties controlled by the same controlling party (hereinafter “Related Parties”).

This report on relations among the parties identified below was prepared for the accounting period of 2021 in line with the provisions of S. 82 of Act No. 90/2012 Coll., on business corporations (hereinafter the “Act”), as amended and applicable in the given accounting period.

Within the accounting period in question, the contracts and agreements identified below were concluded between the Reporting Party and the identified parties, the following legal acts were adopted or implemented, and other material measures stated in the Report were taken.

### 2.1 STRUCTURE OF RELATIONS AMONG THE PARTIES PURSUANT TO S. 82(2)(a) THROUGH (c) OF THE ACT

#### 2.1.1 CONTROLLING PARTIES AND STRUCTURE OF THE CONSOLIDATION UNIT

##### 2.1.1.1 Controlling parties

Raiffeisenbank a.s.

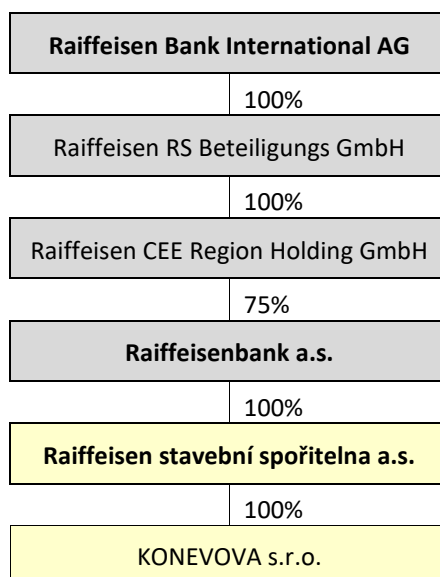
With its registered office at Hvězdova 1716/2b, Prague, Czech Republic  
100% share in Raiffeisen stavební spořitelna

Raiffeisen Bank International AG

With its registered office at Am Stadtpark 9, Vienna, Austria  
Ultimate beneficial owner of the group

The parties listed above take concerted action to the effect of S. 78 of the Act.

##### 2.1.1.2 Ownership structure of the consolidation unit



## 2.1.2 ROLE OF THE CONTROLLED PARTY, METHODS AND MEANS OF CONTROL

The role of the Reporting Party is representation of the Raiffeisen financial group on the Czech market in the field of building savings. The method of control is through share or participation interest in the controlled party. The controlling parties control the Reporting Party through voting at the General Meeting in compliance with the Reporting Party's Articles of Association. Representatives of the controlling party are members of the Supervisory Board of Raiffeisen stavební spořitelna.

## 2.1.3 OTHER RELATED PARTIES

### 2.1.3.1 Companies controlled by the Reporting Party

KONEVOVA s.r.o.

With its registered office at Koněvova 2747/99, Prague, Czech Republic  
Raiffeisen stavební spořitelna holds a 100% share interest in the company.

### 2.1.3.2 Companies controlled by the same controlling party as the Reporting Party, with which the Reporting Party holds contractual relations

Equa bank a.s., Prague, Czech Republic

Raiffeisen – Leasing, s.r.o., Prague, Czech Republic

Raiffeisen Bausparkassen Holding GmbH, Vienna, Austria

## 2.2 LIST OF CONTRACTS PURSUANT TO S. 82(2)(e) OF THE ACT

Contract	Closing date	Counterparty
Current Account Certificate	15/12/1993	Raiffeisenbank a.s., Prague
Contract for Lease of Real Property – Land	1/12/1995	KONEVOVA s.r.o., Prague
Amendment No. 1	1/12/1995	
Amendment No. 2	19/9/1997	
Amendment No. 3	1/10/1999	
Amendment No. 4	19/11/2015	
Amendment No. 5	29/2/2016	
Contract for Lease of a Movable Asset	29/5/1998	KONEVOVA s.r.o., Prague
Amendment No. 1	1/12/1998	
Amendment No. 2	1/7/2002	
Current Account Agreement	13/6/2000	Raiffeisenbank a.s., Prague
Current Investment Account Agreement	2/10/2001	Raiffeisenbank a.s., Prague
Payment Card Agreement	11/12/2002	Raiffeisenbank a.s., Prague
Agreement to Buy or Sell Securities, to Settle Trades with Securities, and to Administer Securities Including Annexes No. 1–5	10/4/2007	Raiffeisenbank a.s., Prague
Amendment No. 1	25/9/2013	
Agreement on the Provision of Commercial, Administrative, and Technical Consultancy Services	15/1/2008	Raiffeisen Bausparkassen Holding GmbH, Vienna
Framework Contract – Preferential Financing for Employees	13/6/2011	Raiffeisen – Leasing, s.r.o.
Amendment No. 1	8/8/2011	
Confidentiality and Personal Data Processing Agreement	29/9/2011	Raiffeisenbank a.s., Prague
Agreement on the Lease of Non-Residential Premises, Parking Stalls, and Flats	1/1/2012	KONEVOVA s.r.o., Prague
Treasury Master Agreement	29/2/2012	Raiffeisenbank a.s., Prague
Direct Banking Service Agreement	15/11/2013	Raiffeisenbank a.s., Prague
Agreement to Provide X-business Internet Banking Services	3/2/2015	Raiffeisenbank a.s., Prague
Framework Agreement	26/1/2016	Raiffeisen Bank International AG, Vienna
Service Level Agreement	26/1/2016	Raiffeisen Bank International AG, Vienna
Debit Card Agreement	18/1/2017	Raiffeisenbank a.s., Prague

Contract	Closing date	Counterparty
Personal Data Processing Verification Agreement pursuant to Article 28 of the GDPR	21/5/2018	Raiffeisen Bank International AG, Vienna
Service Level Agreement	7/9/2018	Raiffeisen Bank International AG, Vienna
Sales Representation Agreement	24/9/2018	Raiffeisenbank a.s., Prague
Annex No. 1	24/9/2018	
Amendment No. 1	31/1/2019	
Amendment No. 2	13/5/2019	
Amendment No. 3	14/5/2019	
Amendment No. 4	24/10/2019	
Amendment No. 5	3/1/2020	
Amendment No. 6	28/2/2020	
Amendment No. 7	18/3/2020	
Amendment No. 8	20/8/2020	
Service Level Agreement	2/10/2018	Raiffeisen Bank International AG, Vienna
Tip Brokerage Agreement	10/10/2018	Raiffeisenbank a.s., Prague
Amendment No. 1	30/4/2019	
Amendment No. 2	18/11/2019	
Amendment No. 3	28/2/2020	
Amendment No. 4	31/1/2021	
Contract for the Provision of Call Centre Services	12/11/2018	Raiffeisenbank a.s., Prague
Debit Card Agreement	26/11/2018	Raiffeisenbank a.s., Prague
Debit Card Agreement	17/7/2019	Raiffeisenbank a.s., Prague
Subordinate Loan Contract	23/10/2019	Raiffeisen Bausparkassen Holding GmbH, Vienna
Amendment No. 1	5/12/2019	
Debit Card Agreement	17/12/2019	Raiffeisenbank a.s., Prague
Contract for the Lease of Business Premises	4/2/2020	KONEVOVA s.r.o., Prague
Debit Card Agreement	26/6/2020	Raiffeisenbank a.s., Prague
Debit Card Agreement	10/7/2020	Raiffeisenbank a.s., Prague
Debit Card Agreement	10/7/2020	Raiffeisenbank a.s., Prague
Cooperation Contract S/2020/00099	5/8/2020	Raiffeisenbank a.s., Prague
Cooperation Contract S/2020/00191	15/10/2020	Raiffeisenbank a.s., Prague
Confidentiality Agreement CDR10722	21/10/2020	Raiffeisenbank a.s., Prague
Confidentiality Agreement CDR11028	23/11/2020	Raiffeisenbank a.s., Prague
Agreement on Personal Data Processing CDR11031	23/11/2020	Raiffeisenbank a.s., Prague
Contract of Cooperation in Provision of Services Consisting in Informing Clients on Raiffeisen stavební spořitelna Active Products	15/2/2021	Raiffeisenbank a.s., Prague
Framework Contract for Trading on the Financial Market	25/2/2021	Raiffeisenbank a.s., Prague
Sales Representation Agreement	9/3/2021	Raiffeisenbank a.s., Prague
Agreement on Mutual Cooperation	30/3/2021	Raiffeisenbank a.s., Prague
Cooperation Contract	14/4/2021	Raiffeisenbank a.s., Prague
Framework Service Agreement	26/4/2021	Raiffeisenbank a.s., Prague
Framework Contract on Data Protection and Transfer	26/4/2021	Raiffeisenbank a.s., Prague
Sales Representation Agreement CDR17260	28/4/2021	Raiffeisenbank a.s., Prague
Contract for the Sublease of Business Premises	28/4/2021	Raiffeisenbank a.s., Prague
Contract for the Sublease of Business Premises and Lease of Movable Assets	29/4/2021	Raiffeisenbank a.s., Prague
Agreement to Provide Contact Centre Services	29/4/2021	Raiffeisenbank a.s., Prague
Agreement to Provide General Administration (OVS) and Archiving Services	29/4/2021	Raiffeisenbank a.s., Prague
Service Agreement	29/4/2021	Raiffeisenbank a.s., Prague
Agreement to Provide Comprehensive Loan Processing Services	29/4/2021	Raiffeisenbank a.s., Prague
Agreement to Provide Risk Controlling Services	29/4/2021	Raiffeisenbank a.s., Prague
Agreement to Provide Debt Recovery Services	29/4/2021	Raiffeisenbank a.s., Prague
Cooperation Contract for Joint Use of RB Appraiser Services	30/4/2021	Raiffeisenbank a.s., Prague
Agreement on the Sublease of Non-Residential Premises and Payment for Services Associated with their Use and Preparation	20/5/2021	Raiffeisenbank a.s., Prague
Amendment No. 1	30/6/2021	

Contract	Closing date	Counterparty
Agreement to Provide Internal Audit Services	25/5/2021	Raiffeisenbank a.s., Prague
Agreement to Provide Marketing Services	31/5/2021	Raiffeisenbank a.s., Prague
Agreement to Provide Information Security and BCM Services	31/5/2021	Raiffeisenbank a.s., Prague
Agreement to Provide CRM Services	31/5/2021	Raiffeisenbank a.s., Prague
Agreement to Provide HR Services	17/6/2021	Raiffeisenbank a.s., Prague
Agreement to Provide Early Debt Recovery Services	23/6/2021	Raiffeisenbank a.s., Prague
Agreement to Provide Selected Compliance Services	30/6/2021	Raiffeisenbank a.s., Prague
Debit Card Agreement	7/7/2021	Raiffeisenbank a.s., Prague
Cooperation Contract	20/7/2021	Raiffeisenbank a.s., Prague
Cooperation Contract – Acceptance of Risk	22/7/2021	
Debit Card Agreement	4/8/2021	Raiffeisenbank a.s., Prague
Agreement to Provide Analysis and Application Development Services (OAV)	31/8/2021	Raiffeisenbank a.s., Prague
Agreement to Provide IT Services	31/8/2021	Raiffeisenbank a.s., Prague
Contract of Cooperation and Personal Data Processing	31/8/2021	Equa bank a.s., Prague
Agreement on the Assignment of Agreement to Provide Record Management Services	20/10/2021	Raiffeisenbank a.s., Prague
Insurance Participation Agreement	8/12/2021	Raiffeisenbank a.s., Prague
Term Deposit	21/12/2021	Raiffeisenbank a.s., Prague
Subordinate Loan Contract	22/12/2021	Raiffeisenbank a.s., Prague

## 2.3 OVERVIEW OF ACTIONS IMPLEMENTED IN THE LATEST ACCOUNTING PERIOD TO THE BENEFIT OF THE CONTROLLING PARTY PURSUANT TO S. 82(2)(d) OF THE ACT

Paid shares in profit and shares in equity: In the given accounting period, the Reporting Party paid out shares in profit amounting to CZK 250 million to Raiffeisenbank a.s.

Raiffeisen stavební spořitelna received a term deposit in the amount of CZK 2,000 million from Raiffeisenbank a.s. in 2021.

## 2.4 BENEFITS AND DRAWBACKS ARISING FROM RELATIONS AMONG THE CONTROLLING AND CONTROLLED PARTIES STATED IN CHAPTER 2.1

The key benefit of relations among the entities within the Raiffeisen group is awareness of the Raiffeisen brand across Europe, and perception of Raiffeisen as a strong international banking group. Other benefits include strong methodological guidance on European banking regulation and international financial reporting standards, as well as experience in selling a wide range of financial products.

Minor drawbacks of working within a large group include the need to reserve capacity for consolidated reporting and the complex risk management system. The language barrier also places higher demands on employees in their efforts to facilitate flawless communication.

## 2.5 CLOSING STATEMENT OF THE BOARD OF DIRECTORS

Having reviewed the legal relations between the Reporting Party and the related parties, we are certain that no harm was incurred by the Reporting Party in consequence of the contracts, other legal acts and/or other measures concluded, executed or adopted by the Reporting Party in the accounting period of 2021 in the interest or upon the impetus of any of the related parties.

Statement: Raiffeisen stavební spořitelna a.s. hereby declares that it has produced this report with due diligence on the basis of information available as at the date of the report's compilation.

Prague, 21 March, 2022

Raiffeisen stavební spořitelna a.s. Board of Directors:



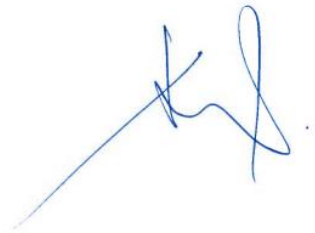
**Ing. Pavel Čejka, MBA**

Chairman of the Board of Directors



**Ing. Yvona Tošnerová**

Deputy Chairwoman of the Board of  
Directors



**Bc. Jiří Antoš**

Deputy Chairman of the Board of  
Directors



### 3 INFORMATION ON CAPITAL

#### 3.1 RECONCILIATION OF REGULATORY AND BOOK CAPITAL

The tables below summarize the composition of regulatory and book capital and of specific indicators as at 31 December, 2021 and 31 December, 2020, allowing thus full reconciliation of regulatory capital items with the institution's capital and balance sheet.

##### 3.1.1 Regulatory capital

M CZK	31/12/2021	31/12/2020
Paid-up registered capital entered in the Commercial Register	650	650
Gains (losses) from revaluation of assets and liabilities	0	0
Retained earnings or accumulated losses from previous years	0	0
Reserve funds	4,321	4,354
(-) Additional value adjustment according to prudent valuation principles (AVA)	0	0
(-) Intangible assets other than goodwill	-240	-220
(-) Deferred tax liabilities associated with other intangible assets	22	21
<b>Total capital meeting the criteria for Tier 1</b>	<b>4,753</b>	<b>4,805</b>
Total amount of Tier 2 capital	600	300
<b>Capital relevant for calculation of limits for major exposures, for qualified interests, and the capital ratio</b>	<b>5,353</b>	<b>5,105</b>

##### 3.1.2 Equity

M CZK	31/12/2021	31/12/2020
Paid-up registered capital entered in the Commercial Register	650	650
Retained earnings from previous periods	0	0
Current year profit	443	217
Gains (losses) from revaluation of assets and liabilities	0	0
Reserve funds	4,329	4,362
<b>Total equity</b>	<b>5,422</b>	<b>5,229</b>

#### 3.2 CAPITAL REQUIREMENTS

M CZK	31/12/2021	31/12/2020
Exposure to central governments and central banks	0	2
Exposure to regional governments and local authorities	0	0
Exposures to institutions	16	18
Exposures to enterprises	38	32
Retail exposures	1,712	1,299
Exposures secured with real property	757	753
Defaulting exposures	23	29
Exposures in covered bonds	0	0
Exposures to shares	30	21
Exposures to other items	54	42
<b>Total capital requirements for credit risk</b>	<b>2,630</b>	<b>2,196</b>
Capital requirement pursuant to Title III, Chapter 2 of Regulation No. 2013/575/EU	187	177
<b>Total capital requirements for operational risk</b>	<b>187</b>	<b>177</b>
<b>Total capital requirements</b>	<b>2,817</b>	<b>2,373</b>

The total capital ratio is indicated in the opening chapter "Survey of key economic indicators".

**Raiffeisen stavební spořitelna a.s.**

Hvězdova 1716/2b  
140 78 Praha 4

Address valid until 21 November, 2021:

Koněvova 2747/99  
130 45 Prague 3

Corporation registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 2102

Year of founding: 1993

Legal Status: Joint-stock company

Business ID: 49241257

Tax ID: CZ699003154

Bank details: IBAN CZ82 5500 0000 0010 0100 5369


Data box ID: f6qr5pb

Internet: [www.rsts.cz](http://www.rsts.cz)  
[Facebook](#)  
[Instagram](#)  
[LinkedIn](#)

Email: [rsts@rsts.cz](mailto:rsts@rsts.cz)

Info line: 412 446 408



A large, abstract yellow graphic on the left side of the page, consisting of several overlapping geometric shapes that form a stylized, angular shape. The shapes are solid yellow and vary in size and orientation, creating a dynamic, modern look.

Raiffeisen stavební spořitelna a.s.  
Hvězdova 1716/2b, 140 78 Praha 4  
rsts.cz